



AIRPORT COMMISSION AGENDA
REGULAR MEETING
City Council Chamber
421 Main Street
Chico, CA 95928
October 29, 2019
6:00 p.m.

COPIES OF THIS AGENDA
ARE AVAILABLE FOR
REVIEW IN THE:

Airport Manager's Office
150 Airpark Blvd., Suite 110
Chico, CA 95973
(530) 896-7216

Agenda available online at:
www.ci.chico.ca.us

AIRPORT COMMISSION

Thomas Nolan-Gosling
Mike Antolock
BT Chapman
Linda MacMichael
Martin Nichols

1. **REGULAR AIRPORT COMMISSION MEETING**

1.1. **CALL TO ORDER**

1.2. **PLEDGE OF ALLEGIANCE**

1.3. **ROLL CALL**

2. **CONSENT AGENDA** – All matters listed under the Consent Agenda are to be considered routine and enacted by one motion.

2.1. **APPROVAL OF AIRPORT COMMISSION MEETING MINUTES**

Approve - minutes of the Regular Airport Commission meeting of July 30, 2019 (attachment 1).

2.2. **MINUTE ORDERS – VARIOUS**

Adopt various minute orders authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property – multiple properties.

Minute Order 00-19 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/George Santos, Lessee and Assignor/ Cal Richardson, Assignee) Hangar Space No. B-19.

Minute Order 01-19 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/ Richard Wolstenholm, Lessee and Assignor/ Danford Jay and Sandra Jay, Assignees) Hangar Space No. A-20.

Minute Order 02-19 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/Sean Morgan, Lessee and Assignor/John Sprague, Assignee) Hangar Space No. A-4.

Minute Order 03-19 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/Danford Jay, Lessee and Assignor/Ron Caporele, Assignee) Hangar Space No. A-10.

Minute Order 04-19 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/ Danford Jay and Sandra Jay, Lessees and Assignors/ Clifford and Melissa Smith, Assignee) Hangar Space No. A-20.

Minute Order 05-19 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/ Michael Carver, Lessee and Assignor/ Dan Jay, Assignee) Hangar Space No. B-3.

Minute Order 06-19 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/ Sam Sayegh, Lessee and Assignor/ Dan Jay, Assignee) Hangar Space No. B-13.

Minute Order 07-19 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/ Lance Petrack-Zunich, Lessee and Assignor/ Dan Dawson, Assignee) Hangar Space No. B-15.

Minute Order 08-19 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/ Cal Richardson, Lessee and Assignor/ Paul Whaley, Assignee) Hangar Space No. B-19.

Minute Order 09-19 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/ Brent Warren, Lessee and Assignor/ Dan Dunkley , Assignee) Hangar Space No. C-12.

Minute Order 10-19 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/ Morgan Grossman, Lessee and Assignor/ Air Carriage, Inc. (Henry Roberson), Assignee) Hangar Space No. E-2.

Minute Order 13-19 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/Yeastern Air, LLC, Lessee and Assignor/Air Carriage, Inc. (Henry Roberson), Assignee) 110 Convair Ave.

Minute Order 15-19 authorizing the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport (City of Chico/ Calvin Richardson, Lessee and Assignor/ Hugh Tyler, Assignee) Hangar Space No. B-18.

Adopt – various minute orders authorizing the City Manager to execute a Consent to Assignment and Assumptions, Lease of Real Property at the Chico Municipal Airport (City of Chico/various assignors and assignees). **The Airport Manager recommends approval of the Minute Orders** (Attachment 2).

3. **ITEMS REMOVED FROM CONSENT AGENDA** (if any)

4. **NOTICE OF PUBLIC HEARINGS** – None.

5. **CLOSED SESSION**–

5.1 **CONFERENCE WITH REAL PROPERTY NEGOTIATORS**– Pursuant to Gov. Code Sec. 54956.8:

5.1.a. Property: Hangar Space E-16 at Chico Airport
(Leasehold Interest)
City Negotiator: Sherry Miller, Airport Manager
Negotiating Party: Bryan Elhardt/Scott Roberson
Under negotiation: Price, Term, Improvements

5.1.b. Property: Hangar Space E-2 at Chico Airport
(Leasehold Interest)
City Negotiator: Sherry Miller, Airport Manager
Negotiating Party: Air Carriage, Inc. (Henry Roberson)
Under negotiation: Price, Term, Improvements

5.1.c. Property: 110 Convair Avenue, Chico (Leasehold Interest)
City Negotiator: Sherry Miller, Airport Manager
Negotiating Party: Air Carriage, Inc. (Henry Roberson)
Under negotiation: Price, Area, Use, Right of Refusal

5.2. **RECONVENE FROM CLOSED SESSION AND ANNOUNCEMENT OF ACTION**

6. **REGULAR AGENDA**

6.1. **CONSIDERATION OF REQUEST OF A LEASE OF REAL PROPERTY AT CHICO MUNICIPAL AIRPORT HANGAR SPACE E-16.**

Consideration of a lease of real property; recommend the City Council authorize the City Manager to execute a 20-year lease with Bryan Elhardt and Scott Roberson.

MINUTE ORDER 11-19 – RECOMMEND THAT THE CITY COUNCIL AUTHORIZE THE CITY MANAGER TO EXECUTE A LEASE OF REAL PROPERTY, CHICO MUNICIPAL AIRPORT, HANAGAR SPACE E-16 (CITY OF CHICO/BRYAN ELHARDT/SCOTT ROBERSON)

Adopt - minute order recommending the City Council authorize the City Manager to execute a Lease of Real Property at the Chicco Municipal Airport, Hangar Space E-16 (City of Chico/Bryan Elhardt/Scott Roberson, Lessees) (Attachment 3) ***The Airport Manager recommends approval of the Minute Order.***

6.2. **CONSIDERATION OF REQUEST TO AMEND EXISTING LEASE – AIR CARRIAGE, INC. (HENRY ROBERSON) HANGAR SPACE E-2**

Consideration of a lease term extension of 15 years, amend end of term options on improvements and amend rate escalation clause (Amendment No. 1); recommend the City Council authorize the City Manager enter into a 15-year lease extension.

MINUTE ORDER 12-19 – RECOMMEND THAT THE CITY COUNCIL AUTHORIZE THE CITY MANAGER TO EXECUTE AMENDMENT NO. 1 TO A LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT, HANGAR SPACE NO. E-2 (CITY OF CHICO/AIR CARRIAGE, INC., HENRY ROBERSON LESSEE)

Adopt - minute order recommending that the City Council authorize the City Manager to execute Amendment No. 1 to a Lease of Real Property at the Chicco Municipal Airport, Hangar Space No. E-2 (City of Chico/Air Carriage, Inc., Henry Roberson, Lessee) (Attachment 4) ***The Airport Manager recommends approval of the Minute Order.***

6.3. **CONSIDERATION OF REQUEST TO AMEND EXISTING LEASE – AIR CARRIAGE, INC. (HENRY ROBERSON) 110 CONVAIR AVENUE**

Consideration of lease Amendment No. 1 to a Lease of Real Property at the Chicco Municipal Airport 110 Convair Avenue., (City of Chico/Air Carriage, Inc. (Henry Roberson, Lessee)

MINUTE ORDER 14-19 – AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE AMENDMENT NO. 1 TO A LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT (CITY OF CHICO/ AIR CARRIAGE, INC., HENRY ROBERSON LESSEE) 110 CONVAIR AVE., CHICO, CA

Adopt - minute order authorizing the City Manager to execute Amendment No. 1 to a Lease of Real Property at the Chicco Municipal Airport 110 Convair Ave., Chico, CA (City of Chico/Air Carriage, Inc., Henry Roberson, Lessee) (Attachment 5). ***The Airport Manager recommends approval of the Minute Order.***

6.4. **CONSIDERATION OF STANDARD AIRPORT LEASE AND LEASING POLICY**

Discussion and possible action.
Staff Report (Attachment 6)

7. **BUSINESS FROM THE FLOOR**

Members of the public may address the Commission at this time on any matter not already listed on the agenda, with comments being limited to three minutes. The Commission cannot take any action at this meeting on requests made under this section of the agenda.

8. **REPORTS AND COMMUNICATION**

The following reports and communication items are provided for the Commission's information. No action can be taken on the items unless the Commission agrees to include it on a subsequent agenda.

8.1. **AIRPORT RE-BRANDING** - Report

Discussion and possible action.

Airport Commission Ad-Hoc Committee, Antolock, Chapman (Attachment 7)

8.2. **AIRPORT MANAGER UPDATE**

- Budget Monitoring Report (Attachment 8)
- Air Service Development

8.3. **AIRPORT COMMISSIONER REPORTS:**

Commissioners will report on airport related items that have been addressed by their assigned committee, commission or association since the last Airport Commission meeting (if any).

- A. Finance Committee – Chapman
- B. Internal Affairs Committee – Nolan-Gosling
- C. Butte County Airport Land Use Commission (ALUC) Alternate – Antolock
- D. North Valley Aviation Association (NVAA) – open
- E. JetChico – Chapman

9. **ADJOURNMENT**

Adjourn to a Regular Airport Commission meeting on January 28, 2020, at 6:00 p.m. in the City Council Chamber located at 421 Main Street, Chico, California.



Please contact the Airport Manager's Office at (530) 896-7216 if require an agenda in an alternative format or if you need to request a disability-related modification or accommodation to participate in a meeting. This request should be received at least three working days prior to the meeting to accommodate your request.

POSTED: 10/25/2019

PRIOR TO: 6:00 p.m.





AIRPORT COMMISSION MINUTES
REGULAR MEETING
July 30, 2019
6:00 p.m.

**COPIES OF MINUTES
ARE AVAILABLE FOR
REVIEW IN THE:**

Airport Manager's Office
150 Airpark Blvd., Suite 110
Chico, CA 95973
(530) 896-7216

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AIRPORT COMMISSION

Thomas Nolan-Gosling, Chair
Mike Antolock, Vice-Chair
BT Chapman
Linda MacMichael
Martin Nichols

1. **REGULAR AIRPORT COMMISSION MEETING**

1.1. **PLEDGE OF ALLEGIANCE**

1.2. **CALL TO ORDER** – 6:00 pm

1.3. **ROLL CALL**

Present: Nolan-Gosling, Antolock, Chapman, Nichols
Absent: MacMichael

2. **CONSENT AGENDA**

2.1. **APPROVAL OF AIRPORT COMMISSION MEETING MINUTES**

Item pulled by Nolan-Gosling.

3. **ITEMS REMOVED FROM CONSENT AGENDA**

Item 2.1 was pulled by Nolan-Gosling to correct a typo on page 3. Date Approved: corrected to June 30, 2019. A motion was made by Nichols and seconded by Nichols to approve the Consent Agenda as amended.

4. **NOTICE OF PUBLIC HEARINGS** – None.

5. **REGULAR AGENDA**

5.1. **REVENUE MEASURE – PRESENTATION**

Chris Constantin, Assistant City Manager

5.2. **CLOSED SESSION** – Commission recessed to Closed Session at 6:46 pm in Conference Room 2.

REAL PROPERTY NEGOTIATIONS – Pursuant to Gov. Code Sec. 54956.8: to consider the price and terms of a leasehold interest at Chico Airport at 100 Piper.

Lessee: Harold Schooler, The Schooler Family Trust;
City Negotiator: Sherry Miller, Airport Manager

5.3. **RECONVENE FROM CLOSED SESSION** – Commission to returned from Closed Session at 7:06 pm.

5.4. **CLOSED SESSION ANNOUNCEMENT** – No reportable action was taken.

5.5. **CONSIDERATION OF REQUEST TO EXTEND EXISTING LEASE – THE SCHOOLER FAMILY TRUST**

Comments from Harold Schooler.

Nichols moved to approve lease of real property at 100 Piper as written in amendment #5 with the understanding of section 2, lease rents of \$5,500 per year and with the understanding that the Commission does not intend to consider additional leases (at 100 Piper) to the Schooler Family Trust.

Motion was seconded by Chapman and passed unanimously.

5.6. **CONSIDERATION OF STANDARD AIRPORT LEASE** - Update Public Works Director, Erik Gustafson and Assistant City Attorney, Andrew Jared gave an update. It is expected that the new proposed lease will be made public by October 15, 2019 and will go before the Airport Commission on October 29, 2019.

5.7. **CONSIDERATION OF AIRPORT LEASING POLICY**

Erik Gustafson briefed the Commission and said that staff would return to the October meeting with the Leasing Policy and would subsequently bring it before the City Council.

Comments from Tom Aylward, Dan Jay, James Schlund, Thad Bettner, Stan Gungl.

5.8. **AIRPORT BRANDING**

Chair Nolan-Gosling created an ad-hoc committee of Antolock and Chapman to look further into Airport Branding.

6. **BUSINESS FROM THE FLOOR** – None.

7. **REPORTS AND COMMUNICATION**

The following reports and communication items are provided for the Commission's information. No action can be taken on the items unless the Commission agrees to include it on a subsequent agenda.

7.1. Budget Monitoring Report provided
Sherry Miller, Airport Manager

7.2. Airport Manager Update

- Air Service Development
- Airport Logo and Tagline

7.3. Airport Commissioner Reports:

- A. Finance Committee – Chapman
- B. Internal Affairs Committee – Nolan-Gosling
- C. Butte County Airport Land Use Commission (ALUC) Alternate – Antolock
- D. North Valley Aviation Association (NVAA) – Nolan-Gosling assigned Antolock
- E. JetChico – Nichols, Chapman

8. **ADJOURNMENT**

Adjourned at 9:12 pm to a Regular Airport Commission meeting to be held on October 29, 2019, at 6:00 p.m. in the City Council Chamber located at 421 Main Street, Chico, California.

Date Approved: October 29, 2019

Sherry Miller
Airport Manager

CITY OF CHICO
AIRPORT COMMISSION MINUTE ORDER NO. 00-19

SUBJECT: AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE A CONSENT TO ASSIGNMENT AND ASSUMPTION, LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT (CITY OF CHICO/CAL RICHARDSON) HANGAR SPACE NO. B-19

EXPLANATION PROVIDED BY: Airport Manager

Initials (*SM*)

1. On October 3, 2017 Cal Richardson notified the City that he had purchased hangar B-19 from George Santos. The sale was finalized on October 2, 2017.
2. The lease with Cal Richardson is the standard ABC row hangar lease. It has an initial term of one year and will automatically extend for successive one-year terms unless either party gives at least a 90-day notice of termination. The rent will be per the Airport Fee Schedule, currently \$792.72 per year, with annual Consumer Price Index (CPI) adjustments.
3. The lease states that upon termination or expiration of this lease by expiration of the lease term or legal process and provided Lessee has not renegotiated a new lease with the City or removed its hangar from the lease premises, Lessee shall be responsible for removing all hangars erected on the leased property, all at Lessee's sole cost and expense. Provided that if, on the 90th day following the termination or expiration of this lease, a hangar remains on the leased property, then such hangar shall thereafter, at the election of the City, become the property of City without legal notice or the payment of any compensation therefor and City may thereafter further lease for its own account or dispose of the hangar in any manner at its sole discretion.
4. In accordance with AP&P 90-16: The assignment of any lease, shall be reviewed and approved by the Commission prior to execution by the City Manager.

RECOMMENDATION: Airport Manager

Initials (*SM*)

That the Airport Commission approve this Minute Order and authorize the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport. (City of Chico/Paul Whaley) Hangar Space No. B-19.

AIRPORT COMMISSION (MEETING OF 10/29/19)

I hereby certify that the Airport Commission took the following action on this Minute Order:

Approved Other (explain below)

Sherry Miller, Airport Manager

CERTIFICATION

I hereby certify that the above is a true and correct copy of the original Minute Order on file in the office of the Airport Manager.

Sherry Miller Airport Manager

DISTRIBUTION

Preliminary:

Final:

CITY OF CHICO
AIRPORT COMMISSION MINUTE ORDER NO. 01-19

SUBJECT: AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE A CONSENT TO ASSIGNMENT AND ASSUMPTION, LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT (CITY OF CHICO/DANFORD JAY AND SANDRA JAY) HANGAR SPACE NO. A-20

EXPLANATION PROVIDED BY: Airport Manager

Initials (*SM*)

1. In December 2017 Richard Wolstenholm notified the City of the sale of his hangar located in hangar space A-20 and his desire to terminate the lease with the City. He advised the hangar was being sold to Danford Jay and Sandra Jay. The sale was finalized in December 2017.
2. The lease with dan Jan and Sandra Jay is the standard ABC row hangar lease. It has an initial term of one year and will automatically extend for successive one-year terms unless either party gives at least a 90-day notice of termination. The rent will be per the Airport Fee Schedule, currently \$541.44 per year, with annual Consumer Price Index (CPI) adjustments.
3. The lease states that upon termination or expiration of this lease by expiration of the lease term or legal process and provided Lessee has not renegotiated a new lease with the City or removed its hangar from the lease premises, Lessee shall be responsible for removing all hangars erected on the leased property, all at Lessee's sole cost and expense. Provided that if, on the 90th day following the termination or expiration of this lease, a hangar remains on the leased property, then such hangar shall thereafter, at the election of the City, become the property of City without legal notice or the payment of any compensation therefor and City may thereafter further lease for its own account or dispose of the hangar in any manner at its sole discretion.
4. In accordance with AP&P 90-16: The assignment of any lease, shall be reviewed and approved by the Commission prior to execution by the City Manager.

RECOMMENDATION: Airport Manager

Initials (*SM*)

That the Airport Commission approve this Minute Order and authorize the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport. (City of Chico/Dan Jay and Sandra Jay) Hangar Space No. A-20.

AIRPORT COMMISSION (MEETING OF 10/29/19)

I hereby certify that the Airport Commission took the following action on this Minute Order:

Approved Other (explain below)

Sherry Miller, Airport Manager

CERTIFICATION

I hereby certify that the above is a true and correct copy of the original Minute Order on file in the office of the Airport Manager.

Sherry Miller, Airport Manager

DISTRIBUTION

Preliminary:

Final:

CITY OF CHICO
AIRPORT COMMISSION MINUTE ORDER NO. 02-19

SUBJECT: AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE A CONSENT TO ASSIGNMENT AND ASSUMPTION, LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT (CITY OF CHICO/JOHN SPRAGUE) HANGAR SPACE NO. A-4

EXPLANATION PROVIDED BY: Airport Manager

Initials (*SM*)

1. On 02/18/18 Sean Morgan notified the City of the sale of his father's (Richard Morgan) hangar located in hangar space A-4 and his desire to terminate the lease with the City. He advised the hangar was being sold to John Sprague. The sale was finalized on March 16, 2018.
2. The lease with John Sprague is the standard ABC row hangar lease. It has an initial term of one year and will automatically extend for successive one-year terms unless either party gives at least a 90-day notice of termination. The rent will be per the Airport Fee Schedule, currently \$541.44 per year, with annual Consumer Price Index (CPI) adjustments.
3. The lease states that upon termination or expiration of this lease by expiration of the lease term or legal process and provided Lessee has not renegotiated a new lease with the City or removed its hangar from the lease premises, Lessee shall be responsible for removing all hangars erected on the leased property, all at Lessee's sole cost and expense. Provided that if, on the 90th day following the termination or expiration of this lease, a hangar remains on the leased property, then such hangar shall thereafter, at the election of the City, become the property of City without legal notice or the payment of any compensation therefor and City may thereafter further lease for its own account or dispose of the hangar in any manner at its sole discretion.
4. In accordance with AP&P 90-16: The assignment of any lease, shall be reviewed and approved by the Airport Commission prior to execution by the City Manager.

RECOMMENDATION: Airport Manager

Initials (*SM*)

That the Airport Commission approve this Minute Order and authorize the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport. (City of Chico/John Sprague) Hangar Space No. A-4.

AIRPORT COMMISSION (MEETING OF 10/29/19)

I hereby certify that the Airport Commission took the following action on this Minute Order:

Approved Other (explain below)

Sherry Miller, Airport Manager

CERTIFICATION

I hereby certify that the above is a true and correct copy of the original Minute Order on file in the office of the Airport Manager.

Sherry Miller, Airport Manager

DISTRIBUTION

Preliminary:

Final:

CITY OF CHICO
AIRPORT COMMISSION MINUTE ORDER NO. 03-19

SUBJECT: AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE A CONSENT TO ASSIGNMENT AND ASSUMPTION, LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT (CITY OF CHICO/RON CAPORELE) HANGAR SPACE NO. A-10

EXPLANATION PROVIDED BY: Airport Manager

Initials (*SM*)

1. On 05/14/18 Dan Jay (sales agent) notified the City of the sale of Jack Thorpe's hangar located in hangar space A-10 and his desire to terminate the lease with the City. He advised the hangar was being sold to Ron Caporele. The sale was finalized on May 14, 2018.
2. The lease with Ron Caporele is the standard ABC row hangar lease. It has an initial term of one year and will automatically extend for successive one-year terms unless either party gives at least a 90-day notice of termination. The rent will be per the Airport Fee Schedule, currently \$541.44 per year, with annual Consumer Price Index (CPI) adjustments.
3. The lease states that upon termination or expiration of this lease by expiration of the lease term or legal process and provided Lessee has not renegotiated a new lease with the City or removed its hangar from the lease premises, Lessee shall be responsible for removing all hangars erected on the leased property, all at Lessee's sole cost and expense. Provided that if, on the 90th day following the termination or expiration of this lease, a hangar remains on the leased property, then such hangar shall thereafter, at the election of the City, become the property of City without legal notice or the payment of any compensation therefor and City may thereafter further lease for its own account or dispose of the hangar in any manner at its sole discretion.
4. In accordance with AP&P 90-16: The assignment of any lease, shall be reviewed and approved by the Commission prior to execution by the City Manager.

RECOMMENDATION: Airport Manager

Initials (*SM*)

That the Airport Commission approve this Minute Order and authorize the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport. (City of Chico/Ron Caporele) Hangar Space No. A-10.

AIRPORT COMMISSION (MEETING OF 10/29/19)

I hereby certify that the Airport Commission took the following action on this Minute Order:

Approved Other (explain below)

Sherry Miller, Airport Manager

CERTIFICATION

I hereby certify that the above is a true and correct copy of the original Minute Order on file in the office of the Airport Manager.

Sherry Miller, Airport Manager

DISTRIBUTION

Preliminary:

Final:

CITY OF CHICO
AIRPORT COMMISSION MINUTE ORDER NO. 04-19

SUBJECT: AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE A CONSENT TO ASSIGNMENT AND ASSUMPTION, LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT (CITY OF CHICO/CLIFFORD AND MELISSA SMITH) HANGAR SPACE NO. A-20

EXPLANATION PROVIDED BY: Airport Manager

Initials (*SM*)

1. On 05/01/18 Danford Jay notified the City of the sale of his hangar located in hangar space A-20 and his desire to terminate the lease with the City. He advised the hangar was being sold to Clifford and Melissa Smith. The sale was finalized on April 29, 2018.
2. The lease with Clifford and Melissa Smith is the standard ABC row hangar lease. It has an initial term of one year and will automatically extend for successive one-year terms unless either party gives at least a 90-day notice of termination. The rent will be per the Airport Fee Schedule, currently \$541.44 per year, with annual Consumer Price Index (CPI) adjustments.
3. The lease states that upon termination or expiration of this lease by expiration of the lease term or legal process and provided Lessee has not renegotiated a new lease with the City or removed its hangar from the lease premises, Lessee shall be responsible for removing all hangars erected on the leased property, all at Lessee's sole cost and expense. Provided that if, on the 90th day following the termination or expiration of this lease, a hangar remains on the leased property, then such hangar shall thereafter, at the election of the City, become the property of City without legal notice or the payment of any compensation therefor and City may thereafter further lease for its own account or dispose of the hangar in any manner at its sole discretion.
4. In accordance with AP&P 90-16: The assignment of any lease, shall be reviewed and approved by the Commission prior to execution by the City Manager.

RECOMMENDATION: Airport Manager

Initials (*SM*)

That the Airport Commission approve this Minute Order and authorize the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport. (City of Chico/Clifford and Melissa Smith) Hangar Space No. A-20.

AIRPORT COMMISSION (MEETING OF 10/29/19)

I hereby certify that the Airport Commission took the following action on this Minute Order:

Approved Other (explain below)

Sherry Miller, Airport Manager

CERTIFICATION

I hereby certify that the above is a true and correct copy of the original Minute Order on file in the office of the Airport Manager.

Sherry Miller, Airport Manager

DISTRIBUTION

Preliminary:

Final:

CITY OF CHICO
AIRPORT COMMISSION MINUTE ORDER NO. 05-19

SUBJECT: AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE A CONSENT TO ASSIGNMENT AND ASSUMPTION, LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT (CITY OF CHICO/DANFORD JAY AND SANDRA JAY) HANGAR SPACE NO. B-3

EXPLANATION PROVIDED BY: Airport Manager

Initials (*SM*)

1. On 06/13/17 Danford Jay notified the City of the purchase of hangar B-3 from Michael Carver. He advised the hangar was being sold to Danford Jay and Sandra Jay. The sale was finalized on June 13, 2017.
2. The lease with Danford Jay and Sandra Jay is the standard ABC row hangar lease. It has an initial term of one year and will automatically extend for successive one-year terms unless either party gives at least a 90-day notice of termination. The rent will be per the Airport Fee Schedule, currently \$1,000.08 per year, with annual Consumer Price Index (CPI) adjustments.
3. The lease states that upon termination or expiration of this lease by expiration of the lease term or legal process and provided Lessee has not renegotiated a new lease with the City or removed its hangar from the lease premises, Lessee shall be responsible for removing all hangars erected on the leased property, all at Lessee's sole cost and expense. Provided that if, on the 90th day following the termination or expiration of this lease, a hangar remains on the leased property, then such hangar shall thereafter, at the election of the City, become the property of City without legal notice or the payment of any compensation therefor and City may thereafter further lease for its own account or dispose of the hangar in any manner at its sole discretion.
4. In accordance with AP&P 90-16: The assignment of any lease, shall be reviewed and approved by the Commission prior to execution by the City Manager.

RECOMMENDATION: Airport Manager

Initials (*SM*)

That the Airport Commission approve this Minute Order and authorize the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport. (City of Chico/Danford Jay and Sandra Jay) Hangar Space No. B-3.

AIRPORT COMMISSION (MEETING OF 10/29/19)

I hereby certify that the Airport Commission took the following action on this Minute Order:

Approved Other (explain below)

Sherry Miller, Airport Manager

CERTIFICATION

I hereby certify that the above is a true and correct copy of the original Minute Order on file in the office of the Airport Manager.

Sherry Miller Airport Manager

DISTRIBUTION

Preliminary:

Final:

CITY OF CHICO
AIRPORT COMMISSION MINUTE ORDER NO. 06-19

SUBJECT: AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE A CONSENT TO ASSIGNMENT AND ASSUMPTION, LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT (CITY OF CHICO/DANFORD JAY AND SANDRA JAY) HANGAR SPACE NO. B-13

EXPLANATION PROVIDED BY: Airport Manager

Initials (*SM*)

1. On 12/19/18 Dan Jay notified the City of his purchase of hangar B-13 from Sam Sayegh. The sale was finalized on December 19, 2018.
2. The lease with Danford Jay and Sandra Jay is the standard ABC row hangar lease. It has an initial term of one year and will automatically extend for successive one-year terms unless either party gives at least a 90-day notice of termination. The rent will be per the Airport Fee Schedule, currently \$841.68 per year, with annual Consumer Price Index (CPI) adjustments.
3. The lease states that upon termination or expiration of this lease by expiration of the lease term or legal process and provided Lessee has not renegotiated a new lease with the City or removed its hangar from the lease premises, Lessee shall be responsible for removing all hangars erected on the leased property, all at Lessee's sole cost and expense. Provided that if, on the 90th day following the termination or expiration of this lease, a hangar remains on the leased property, then such hangar shall thereafter, at the election of the City, become the property of City without legal notice or the payment of any compensation therefor and City may thereafter further lease for its own account or dispose of the hangar in any manner at its sole discretion.
4. In accordance with AP&P 90-16: The assignment of any lease, shall be reviewed and approved by the Commission prior to execution by the City Manager.

RECOMMENDATION: Airport Manager

Initials (*SM*)

That the Airport Commission approve this Minute Order and authorize the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport. (City of Chico/Danford Jay and Sandra Jay) Hangar Space No. B-13.

AIRPORT COMMISSION (MEETING OF 10/29/19)

I hereby certify that the Airport Commission took the following action on this Minute Order:

Approved Other (explain below)

Sherry Miller, Airport Manager

CERTIFICATION

I hereby certify that the above is a true and correct copy of the original Minute Order on file in the office of the Airport Manager.

Sherry Miller Airport Manager

DISTRIBUTION

Preliminary:

Final:

CITY OF CHICO
AIRPORT COMMISSION MINUTE ORDER NO. 07-19

SUBJECT: AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE A CONSENT TO ASSIGNMENT AND ASSUMPTION, LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT (CITY OF CHICO/DAN DAWSON) HANGAR SPACE NO. B-15

EXPLANATION PROVIDED BY: Airport Manager

Initials (*SM*)

1. On September 1, 2017 Lance Petrack-Zunich notified the City of the sale of his hangar located in hangar space B-15 and his desire to terminate the lease with the City. He advised the hangar was being sold to Dan Dawson. The sale was finalized on September 5, 2017.
2. The lease with Dan Dawson is the standard ABC row hangar lease. It has an initial term of one year and will automatically extend for successive one-year terms unless either party gives at least a 90-day notice of termination. The rent will be per the Airport Fee Schedule, currently \$579.60 per year, with annual Consumer Price Index (CPI) adjustments.
3. The lease states that upon termination or expiration of this lease by expiration of the lease term or legal process and provided Lessee has not renegotiated a new lease with the City or removed its hangar from the lease premises, Lessee shall be responsible for removing all hangars erected on the leased property, all at Lessee's sole cost and expense. Provided that if, on the 90th day following the termination or expiration of this lease, a hangar remains on the leased property, then such hangar shall thereafter, at the election of the City, become the property of City without legal notice or the payment of any compensation therefor and City may thereafter further lease for its own account or dispose of the hangar in any manner at its sole discretion.
4. In accordance with AP&P 90-16: The assignment of any lease, shall be reviewed and approved by the Commission prior to execution by the City Manager.

RECOMMENDATION: Airport Manager

Initials (*SM*)

That the Airport Commission approve this Minute Order and authorize the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport. (City of Chico/Dan Dawson) Hangar Space No. B-15.

AIRPORT COMMISSION (MEETING OF 10/29/19)

I hereby certify that the Airport Commission took the following action on this Minute Order:

Approved Other (explain below)

Sherry Miller, Airport Manager

CERTIFICATION

I hereby certify that the above is a true and correct copy of the original Minute Order on file in the office of the Airport Manager.

Sherry Miller Airport Manager

DISTRIBUTION

Preliminary:

Final:

CITY OF CHICO
AIRPORT COMMISSION MINUTE ORDER NO. 08-19

SUBJECT: AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE A CONSENT TO ASSIGNMENT AND ASSUMPTION, LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT (CITY OF CHICO/PAUL WHALEY) HANGAR SPACE NO. B-19

EXPLANATION PROVIDED BY: Airport Manager

Initials (*SM*)

1. In early 2018 Paul Whaley notified the City that he purchased hangar B-19 from Cal Richardson on December 15, 2017.
2. The lease with Paul Whaley is the standard ABC row hangar lease. It has an initial term of one year and will automatically extend for successive one-year terms unless either party gives at least a 90-day notice of termination. The rent will be per the Airport Fee Schedule, currently \$792.72 per year, with annual Consumer Price Index (CPI) adjustments.
3. The lease states that upon termination or expiration of this lease by expiration of the lease term or legal process and provided Lessee has not renegotiated a new lease with the City or removed its hangar from the lease premises, Lessee shall be responsible for removing all hangars erected on the leased property, all at Lessee's sole cost and expense. Provided that if, on the 90th day following the termination or expiration of this lease, a hangar remains on the leased property, then such hangar shall thereafter, at the election of the City, become the property of City without legal notice or the payment of any compensation therefor and City may thereafter further lease for its own account or dispose of the hangar in any manner at its sole discretion.
4. In accordance with AP&P 90-16: The assignment of any lease, shall be reviewed and approved by the Commission prior to execution by the City Manager.

RECOMMENDATION: Airport Manager

Initials (*SM*)

That the Airport Commission approve this Minute Order and authorize the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport. (City of Chico/Paul Whaley) Hangar Space No. B-19.

AIRPORT COMMISSION (MEETING OF 10/29/19)

I hereby certify that the Airport Commission took the following action on this Minute Order:

Approved Other (explain below)

Sherry Miller, Airport Manager

CERTIFICATION

I hereby certify that the above is a true and correct copy of the original Minute Order on file in the office of the Airport Manager.

Sherry Miller Airport Manager

DISTRIBUTION

Preliminary:

Final:

CITY OF CHICO
AIRPORT COMMISSION MINUTE ORDER NO. 09-19

SUBJECT: AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE A CONSENT TO ASSIGNMENT AND ASSUMPTION, LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT (CITY OF CHICO/DAN DUNKLY) HANGAR SPACE NO. C-12

EXPLANATION PROVIDED BY: Airport Manager

Initials (*SM*)

1. On May 1, 2018 Dan Jay (agent) advised the City that Dan Dunkly had purchased Hangar C-12 from Brent Warren on April 27, 2018.
2. The lease with Dan Dunkly is the standard ABC row hangar lease. It has an initial term of one year and will automatically extend for successive one-year terms unless either party gives at least a 90-day notice of termination. The rent will be per the Airport Fee Schedule, currently \$417.60 per year, with annual Consumer Price Index (CPI) adjustments.
3. The lease states that upon termination or expiration of this lease by expiration of the lease term or legal process and provided Lessee has not renegotiated a new lease with the City or removed its hangar from the lease premises, Lessee shall be responsible for removing all hangars erected on the leased property, all at Lessee's sole cost and expense. Provided that if, on the 90th day following the termination or expiration of this lease, a hangar remains on the leased property, then such hangar shall thereafter, at the election of the City, become the property of City without legal notice or the payment of any compensation therefor and City may thereafter further lease for its own account or dispose of the hangar in any manner at its sole discretion.
4. In accordance with AP&P 90-16: The assignment of any lease, shall be reviewed and approved by the Commission prior to execution by the City Manager.

RECOMMENDATION: Airport Manager

Initials (*SM*)

That the Airport Commission approve this Minute Order and authorize the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport. (City of Chico/Dan Dunkley) Hangar Space No. C-12.

AIRPORT COMMISSION (MEETING OF 10/29/19)

I hereby certify that the Airport Commission took the following action on this Minute Order:

Approved Other (explain below)

Sherry Miller, Airport Manager

CERTIFICATION

I hereby certify that the above is a true and correct copy of the original Minute Order on file in the office of the Airport Manager.

Sherry Miller, Airport Manager

DISTRIBUTION

Preliminary:

Final:

CITY OF CHICO
AIRPORT COMMISSION MINUTE ORDER NO. 10-19

SUBJECT: AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE A CONSENT TO ASSIGNMENT AND ASSUMPTION, LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT (CITY OF CHICO/AIR CARRIAGE, INC., HENRY ROBERSON) HANGAR SPACE NO. E-2

EXPLANATION PROVIDED BY: Airport Manager

Initials (*SM*)

1. On 09/12/2018 Henry Roberson indicated his desire to purchase the hangar located on pad space E-2 from Morgan Grossman. The requested assignment did not take place in 2018 because the tenants were waiting to see what would happen to current tenants with regards to the disposition of improvements at the end of the lease term.
2. The current lease is non-standard and is unlike most of the current leases being assigned.
3. With regards to the disposition of improvements, the current lease clause states:
Upon termination or expiration of this lease, Lessee shall be responsible for removing all hangar erected on the leased property, all at Lessee's sole cost and expense; provided that if, on the 30th day following the termination or expiration of this lease, a hangar remains on the leased property, then such hangar shall thereafter, at the election of City, become the property of City without the payment of any compensation therefor.
4. In developing a policy to address current lessees, staff is recommending that current tenants be given three options at the end of their term.
 1. Negotiate a new lease
 2. Remove improvements
 3. Improvements revert to the City if not removed at City's option)
5. Due to the policy proposal, staff is recommending that although the current lease is set to expire in June 2021, in order to treat all current tenants fairly and as much as possible – the same, staff recommends that the lease assignment be approved and immediately following the assignment, staff recommends that the lease be amended to reflect similar terms and conditions as most of the current tenants enjoy. This recommendation is outlined in Minute Order 12-19.
6. In accordance with AP&P 90-16: The assignment of any lease, shall be reviewed and approved by the Commission prior to execution by the City Manager.

RECOMMENDATION: Airport Manager

Initials (*SM*)

That the Airport Commission approve this Minute Order and authorize the City Manager to execute a Consent to Assignment and Assumption, Lease of Property at the Chico Municipal Airport. (City of Chico/Air Carriage, Inc., Henry Schooler) Hangar Space No. E-2.

AIRPORT COMMISSION (MEETING OF 10/29/19)

I hereby certify that the Airport Commission took the following action on this Minute Order:

Approved Other (explain below)

Sherry Miller, Airport Manager

CERTIFICATION

I hereby certify that the above is a true and correct copy of the original Minute Order on file in the office of the Airport Manager.

Sherry Miller, Airport Manager

DISTRIBUTION

Preliminary:

Final:

CITY OF CHICO
AIRPORT COMMISSION MINUTE ORDER NO. 13-19

SUBJECT: AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE A CONSENT TO ASSIGNMENT AND ASSUMPTION, LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT (CITY OF CHICO/AIR CARRIAGE, INC., HENRY ROBERSON) 110 CONVAIR AVE.

EXPLANATION PROVIDED BY: Airport Manager

Initials (*SM*)

1. On 04/29/2019 Ken Grossman (Yeaster Air, Inc.) met with the City Manager and other staff and indicated his desire to have his lease for 110 Convair Ave. assigned to Henry Roberson.
2. 100 Convair Ave. is improved with one hangar that is owned by the City of Chico.
3. The current lease is term is month to month.
4. Just over half of the floor space is being rented at a rate of \$1,500.00 per month.
5. The current use is for storage of the Yeaster aircraft (private use). The future use is for rental of storage space for multiple aircraft using the entire hangar floor space (commercial use).
6. Because the use and floor space being rented is changing, the assigned lease will need to be amended.
7. The Airport Manager and Henry Roberson have negotiated agreeable terms. Those terms are outlined in MO 14-19 immediately following this assignment and include increased floor space and rental at a commercial rate. The lease term will remain month to month.
8. In accordance with AP&P 90-16: The assignment of any lease, shall be reviewed and approved by the Commission prior to execution by the City Manager.

RECOMMENDATION: Airport Manager

Initials (*SM*)

That the Airport Commission approve this Minute Order and authorize the City Manager to execute a Consent to Assignment and Assumption, Lease of Property at the Chico Municipal Airport. (City of Chico/Air Carriage, Inc., Henry Roberson) 110 Convair Ave.

AIRPORT COMMISSION (MEETING OF 10/29/19)

I hereby certify that the Airport Commission took the following action on this Minute Order:

Approved Other (explain below)

Sherry Miller, Airport Manager

CERTIFICATION

I hereby certify that the above is a true and correct copy of the original Minute Order on file in the office of the Airport Manager.

Sherry Miller, Airport Manager

DISTRIBUTION

Preliminary:

Final:

CITY OF CHICO
AIRPORT COMMISSION MINUTE ORDER NO. 15-19

SUBJECT: AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE A CONSENT TO ASSIGNMENT AND ASSUMPTION, LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT (CITY OF CHICO/HUGH TYLER) HANGAR SPACE NO. B-18

EXPLANATION PROVIDED BY: Airport Manager

Initials (*SM*)

1. On 09/10/2019 City staff was notified that Calvin Richardson would be selling hangar B-18 to Hugh Tyler and indicated his desire to terminate the lease with the City.
2. The lease with Hugh Tyler is the standard ABC row hangar lease. It has an initial term of one year and will automatically extend for successive one-year terms unless either party gives at least a 90-day notice of termination. The rent will be per the Airport Fee Schedule, currently \$579.60 per year, with annual Consumer Price Index (CPI) adjustments.
3. The lease states that upon termination or expiration of this lease by expiration of the lease term or legal process and provided Lessee has not renegotiated a new lease with the City or removed its hangar from the lease premises, Lessee shall be responsible for removing all hangars erected on the leased property, all at Lessee's sole cost and expense. Provided that if, on the 90th day following the termination or expiration of this lease, a hangar remains on the leased property, then such hangar shall thereafter, at the election of the City, become the property of City without legal notice or the payment of any compensation therefor and City may thereafter further lease for its own account or dispose of the hangar in any manner at its sole discretion.
4. In accordance with AP&P 90-16: The assignment of any lease, shall be reviewed and approved by the Airport Commission prior to execution by the City Manager.

RECOMMENDATION: Airport Manager

Initials (*SM*)

That the Airport Commission approve this Minute Order and authorize the City Manager to execute a Consent to Assignment and Assumption, Lease of Real Property at the Chico Municipal Airport. (City of Chico/Hugh Tyler) Hangar Space No. B-18.

AIRPORT COMMISSION (MEETING OF 10/29/19)

I hereby certify that the Airport Commission took the following action on this Minute Order:

Approved Other (explain below)

Sherry Miller, Airport Manager

CERTIFICATION

I hereby certify that the above is a true and correct copy of the original Minute Order on file in the office of the Airport Manager.

Sherry Miller, Airport Manager

DISTRIBUTION

Preliminary:

Final:

**CITY OF CHICO
AIRPORT COMMISSION MINUTE ORDER NO. 11-19**

SUBJECT: RECOMMENDATION THAT THE CITY COUNCIL AUTHORIZE THE CITY MANAGER TO EXECUTE A LEASE OF PROPERTY AT THE CHICO MUNICIPAL AIRPORT HANGAR SPACE E-16 (CITY OF CHICO/BRYAN ELHARDT AND SCOTT ROBERSON).

EXPLANATION PROVIDED BY: Airport Manager

Initials ()

See attached

RECOMMENDATION: Airport Manager

Initials ()

Adopt - minute order recommending the City Council authorize the City Manager to execute a Lease of Real Property at the Chicco Municipal Airport, Hangar Space E-16 (City of Chico/Bryan Elhardt/Scott Roberson, Lessees).

AIRPORT COMMISSION (MEETING OF 10/29/19)

I hereby certify that the Airport Commission took the following action on this Minute Order:

Approved Other (explain below)

Sherry Miller, Airport Manager

CERTIFICATION

I hereby certify that the above is a true and correct copy of the original Minute Order on file in the office of the Airport Manager.

Sherry Miller, Airport Manager

DISTRIBUTION

Preliminary:

Final:

CITY OF CHICO
AIRPORT COMMISSION MINUTE ORDER NO. 11-19

RECOMMEND THAT THE CITY COUNCIL AUTHORIZE THE CITY MANAGER TO EXECUTE A LEASE OF REAL PROPERTY, CHICO MUNICIPAL AIRPORT, HANAGAR SPACE E-16 (CITY OF CHICO/BRYAN ELHARDT/SCOTT ROBERSON

EXPLANATION:

1. On May 23, 2017 Scott Roberson notified the City of that his lease (shared with Bryan Elhardt) would be expiring on June 30, 2017. The tenants have been on a month-to-month tenancy as allowed for in the current lease.
2. It was the Airport Manager's desire to enter into a new lease using a yet unwritten, updated, lease document. As the document was being written, staff recognized the need for an updated Airport Leasing Policy. The Policy is currently being developed and is near completion. The new policy specifies that current tenants (owners) may continue with existing leases and may renegotiate a new lease upon termination of the current lease.
3. City staff and Elhardt/Roberson entered negotiations using the current and amended DE Row lease (2015) template and have agreed to the following terms and conditions:
 - Term of 20 years
 - No extensions
 - Rents based on current rent with yearly CPI increase and fair market rent adjustment after 10 years.
 - Upon termination or expiration of this lease by expiration of the lease term or legal process, and provided Lessee has not renegotiated a new lease with City or removed its hangar from the leased premises, Lessee shall be responsible for removing all hangars erected on the leased property, all at Lessee's sole cost and expense; provided that if, on the 30th day following the termination or expiration of this lease, a hangar remains on the leased property, then such hangar shall thereafter, at the election of City, become the property of City without legal notice or the payment of any compensation therefor and City may thereafter further lease for its own account or dispose of the hangar in any manner and at its sole discretion.
4. In accordance with AP&P 11-66: The approval of any lease greater than five years requires the City Council's approval prior to execution by the City Manager.

RECOMMENDATION

Adopt - minute order recommending the City Council authorize the City Manager to execute a Lease of Real Property at the Chicco Municipal Airport, Hangar Space E-16 (City of Chico/Bryan Elhardt/Scott Roberson, Lessees) *The Airport Manager recommends approval of the Minute Order.*

CITY OF CHICO
AIRPORT COMMISSION MINUTE ORDER NO. 12-19

SUBJECT: AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE AMENDEMENT NO. 1 TO LEASE OF REAL PROPERTY, HANGAR PAD E-2, AT THE CHICO MUNICIPAL AIRPORT (CITY OF CHICO/AIR CARRIAGE INC., HENRY ROBERSON)

EXPLANATION PROVIDED BY: Airport Manager

Initials ()

See Attached

RECOMMENDATION: Airport Manager

Initials ()

That the Airport Commission approve this Minute Order and authorize the City Manager to execute Amendment No. 1 to Lease of Property at the Chico Municipal Airport, Hangar Space No. E-2 (City of Chico/Air Carriage, Inc., Henry Roberson)

AIRPORT COMMISSION (MEETING OF 10/29/19)

I hereby certify that the Airport Commission took the following action on this Minute Order:

Approved Other (explain below)

Sherry Miller, Airport Manager

CERTIFICATION

I hereby certify that the above is a true and correct copy of the original Minute Order on file in the office of the Airport Manager.

Sherry Miller, Airport Manager

DISTRIBUTION

Preliminary:

Final:

CITY OF CHICO
AIRPORT COMMISSION MINUTE ORDER NO. 12-19

SUBJECT: RECOMMEND THAT THE CITY COUNCIL AUTHORIZE THE CITY MANAGER TO EXECUTE AMENDMENT NO. 1 TO A LEASE OF REAL PROPERTY AT THE CHICO MUNICIPAL AIRPORT, HANGAR SPACE NO. E-2 (CITY OF CHICO/AIR CARRIAGE, INC., HENRY ROBERSON LESSEE)

EXPLANATION:

1. On 10/29/2019 at a meeting of the Airport Commission, a lease with Morgan Grossmann was assigned to Air Carriage Inc. (Henry Roberson) in accordance with staff recommendation.
2. The current lease is non-standard and is unlike most of the current leases being assigned.
3. Staff and Henry Roberson discussed and negotiated three main points of the amendment: Term, Rents and Disposition of improvements at end of term.
4. Term. Lease is will be fifteen years from November 1, 2019 to October 31, 2034. This lease term brings this lease end date to the same time period as most other E row hangars.
5. Rents. Current rents are based on a flat rate with yearly adjustments based on the CPI increase (if any). The rate would be based on the current rent paid with a yearly CPI increase each July 1 and a possible rent adjustment 10 years into the lease in 2029.
6. With regards to the disposition of improvements, the current lease clause states:
Upon termination or expiration of this lease, Lessee shall be responsible for removing all hangar erected on the leased property, all at Lessee's sole cost and expense; provided that if, on the 30th day following the termination or expiration of this lease, a hangar remains on the leased property, then such hangar shall thereafter, at the election of City, become the property of City without the payment of any compensation therefor.

In developing a policy to address current lessees, staff is recommending that current tenants be given three options at the end of their term.

- a. Negotiate a new lease
- b. Remove improvements
- c. Improvements revert to the City if not removed at City's option)

Due to the policy proposal, staff is recommending that although the current lease is set to expire in June 2021, in order to treat all current tenants fairly and as much as possible – the same, staff recommends that the lease amendment be approved to reflect similar terms and conditions as most of the current tenants enjoy.

The amended lease states that upon termination or expiration of this lease by expiration of the lease term or legal process and provided Lessee has not renegotiated a new lease with the City or removed its hangar from the lease premises, Lessee shall be responsible for removing all hangars

erected on the leased property, all at Lessee's sole cost and expense. Provided that if, on the 30th day following the termination or expiration of this lease, a hangar remains on the leased property, then such hangar shall thereafter, at the election of the City, become the property of City without legal notice or the payment of any compensation therefor and City may thereafter further lease for its own account or dispose of the hangar in any manner at its sole discretion.

8. In accordance with AP&P 11-66: The approval of any lease greater than five years requires the City Council's approval prior to execution by the City Manager.

RECOMMENDATION:

Adopt - minute order recommending that the City Council authorize the City Manager to execute Amendment No. 1 to a Lease of Real Property at the Chico Municipal Airport, Hangar Space No. E-2 (City of Chico/Air Carriage, Inc., Henry Roberson, Lessee) *The Airport Manager recommends approval of the Minute Order.*

CITY OF CHICO
AIRPORT COMMISSION MINUTE ORDER NO. 14-19

SUBJECT: AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE AMENDMENT NO. 1 TO A LEASE OF IMPROVED PROPERTY, 110 CONVAIR AVE., AT THE CHICO MUNICIPAL AIRPORT, 110 CONVAIR AVENUE (CITY OF CHICO/AIR CARRIAGE INC., HENRY ROBERSON)

EXPLANATION PROVIDED BY: Airport Manager

Initials ()

See Attached

RECOMMENDATION: Airport Manager

Initials ()

That the Airport Commission approve this Minute Order and authorize the City Manager to execute Amendment No. 1 to a Lease of Improved Property, Chico Municipal Airport, 110 Convair Ave., (City of Chico/Air Carriage, Inc., Henry Roberson, Lessee).

AIRPORT COMMISSION (MEETING OF 10/29/19)

I hereby certify that the Airport Commission took the following action on this Minute Order:

- Approved Other (explain below)

Sherry Miller, Airport Manager

CERTIFICATION

I hereby certify that the above is a true and correct copy of the original Minute Order on file in the office of the Airport Manager.

Sherry Miller, Airport Manager

DISTRIBUTION

Preliminary:

Final:

CITY OF CHICO
AIRPORT COMMISSION MINUTE ORDER NO. 14-19

AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE AMENDMENT NO. 1 TO A LEASE OF IMPROVED PROPERTY, 110 CONVAIR AVE., AT THE CHICO MUNICIPAL AIRPORT, 110 CONVAIR AVENUE (CITY OF CHICO/AIR CARRIAGE INC., HENRY ROBERSON)

EXPLANATION:

1. On 10/29/2019 at a meeting of the Airport Commission, a lease with Yeastern Air, LLC. was assigned to Air Carriage Inc. (Henry Roberson) in accordance with staff recommendation.
2. Henry Roberson wished to amend some parts of the current lease. Staff and Henry Roberson discussed and negotiated the following main points of the amendment: Area, Use, Rent, Term and First Right of Refusal.
3. Area. The floor space shall be increased to include all of the hangar area floorspace including the restroom and kitchenette (approximately 10,494 sf total).
4. Use. The current use of the hangar is for private storage of one aircraft. The new use is for rental storage of multiple aircraft which is a commercial use. Commercial type maintenance is allowed.
5. Rent. Current rents are based on a flat rate of \$1,500.00 per month. The new rate will be \$2,100 per month and is based on increased area and commercial use. It is a rate similar to the rate other lessees at Chico Airport pay.
6. Term. The term of the lease shall remain Month to Month tenancy.
7. First Right of Refusal (will remain as written). In the event that any offer is made during the term of this lease by a third party to lease the remaining portion of the building located at 110 Convaire Avenue not covered by this lease, and if the offer is acceptable to City in City's sole discretion, then City shall, prior to an acceptance of the offer, provide Lessee written notice of the offer, including the name and address of the proposed lessee, and Lessee shall have the option and right of first refusal for 30 days after receipt of such written notice to elect to lease the remaining portion of the building subject to the offer provided that Lessee provides written notice of its election to City within the 30-day period. Lessee's failure to exercise its option shall not affect the terms of this lease nor Lessee's rights and obligations under this lease.
8. In accordance with AP&P 90-16: The amendment of any lease, shall be reviewed and approved by the Commission prior to execution by the City Manager.

RECOMMENDATION:

Adopt – minute order authorizing the City Manager to execute Amendment No. 1 to Lease of Improved Property, Chico Municipal Airport, 110 Convaire Ave., (City of Chico/Air Carriage Inc., Henry Roberson, Lessee).

RE: New Airport Lease
 Meeting Date: October 29, 2019
 Page 1



Airport Commission Agenda Report

Meeting Date: October 29, 2019

TO: City of Chico, Airport Commission
 FROM: Sherry Miller, Airport Manager 530-896-7216
 RE: New Airport Standard Lease

REPORT IN BRIEF:

At the July 30, 2019 meeting the Airport Commission asked staff to continue to work on the draft lease and return in October with the recommended lease. The Airport Commission has heard reversion options at each meeting since March 2018 and asked staff to continue to refine end of term options for both existing leaseholds and new construction. At the July 30, 2019 meeting the Commission approved the new airport lease policy that will shape the new lease agreement. A draft standard lease agreement is attached for review and discussion with the City Attorney's office (Exhibit A).

Recommendation:

Staff recommends the Airport Commission discuss the draft lease agreement including the City Attorney's new recommendation of two separate lease agreements and return at future meeting for final approval.

FISCAL IMPACT:

None at this time.

BACKGROUND:

The City needs to change the lease format to make end of term options clearer to a new lessee and to closely align with FAA guidance and CA State Code (50478). The new lease includes a reversion clause for new construction that is industry standard in airport ground leases and most commercial building leases and, will include language that complies with State law requiring that a local agency not enter a lease greater than 50 years.

At the **March 13, 2018** meeting the Airport Commission started the most recent discussions regarding the City's Airport leases, reversion clauses, and an Airport leasing policy. Staff's concerns included the potential for non-compliance with FAA recommendations that could jeopardize future airport improvement grant assurances. Staff also has concerns with long term airport fiscal solvency and established an overall objective to reduce the General Fund 001 annual subsidy. Staff work tirelessly to push the Airport to be financially self-sustaining and operate truly as an Enterprise fund. To operate as an Enterprise Fund the Airport must function in a manner where the costs of operation and maintenance are fully supported by revenues generated by the users of the facility

At the **October 30, 2018** meeting the Airport Commission asked staff to return with a reversion transition option for current tenants that included two 30-year terms with end of term options to include renegotiation, removal of improvement, or ultimately reversion. Staff was also asked to continue work on a creating new lease.

At the **January 29, 2019** meeting the Airport Commission heard new lease end of term options and asked staff to return with a narrowed version for new construction outlining what term categories should be per the amount of investment in improvements or construction.

At the **April 30, 2019** meeting the Airport Commission considered the narrowed options and moved to approve option that new construction permanent hangars and new to the Airport tenants will be on the new standard Airport lease. The new standard lease will include reversion of improvements at the end of lease term and a 50-year term limit.

At the **July 30, 2019** meeting the Airport Commission approved the new lease policy and requested staff continue to work on the draft new lease and return with it at the October 29, 2019 meeting (Policy: Exhibit B).

DISCUSSION:

Staff have been working for some time on a new lease that would contain all of the elements outlined in the new Airport Lease Policy. A new version has been provided that takes successful elements of older leases, garners components that the consultant AMCG provided, and also aligns with the new lease policy that was presented at the July 30, 2019 Airport Commission meeting. The City Attorney recommended drafting the new lease out of the City Attorney's office however, with the existing workload, the City Attorney's office was not able to get to it before the Commission meeting.

The City Attorney's office has provided input and comments to the draft lease document. The City Attorney's office also provided comment that two separate lease documents may be more appropriate. The new leases would address the difference between existing and new construction leases.

Staff recommends further discussion with the Airport Commission and the City Attorney's office regarding the two-lease concept. Although staff anticipated having the new lease document completed and ready for approval at the October 29, 2019 meeting, it is prudent to have further discussion on the two-lease concept and return for final approval at a future meeting.

Prepared By:

Sherry Miller

Sherry Miller, Airport Manager

DISTRIBUTION:

Agenda Packet
City Clerk

EXHIBITS:

- A. Draft New Lease
- B. Draft Airport Leasing Policy

**LEASE OF PROPERTY AT THE CHICO MUNICIPAL AIRPORT
AIRCRAFT HANGAR AREA
HANGAR SPACE NO. _____
(CITY OF CHICO/ _____)**

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**LEASE OF PROPERTY AT THE CHICO MUNICIPAL AIRPORT
AIRCRAFT HANGAR AREA
HANGAR SPACE NO. _____
(CITY OF CHICO/_____)**

THIS LEASE made and executed on _____, between the City of Chico, a municipal corporation of the State of California, (City), and _____ (Lessee).

WITNESSETH:

WHEREAS, City is the owner of certain real property located at the Chico Municipal Airport which has been set aside by City for the erection of hangars/that contains an aircraft hangar to be used for the storage of aircraft operated by those persons utilizing the facilities of the Chico Municipal Airport; and

WHEREAS, City desires to lease to Lessee space within the hangar area for the purpose of [erecting a hangar or hangars by Lessee thereon which contains an aircraft hangar][utilizing improved hangar space to Lessee] to be used by Lessee for the storage of aircraft at the Chico Municipal Airport, all in a manner consistent with the purposes for which City has set aside such property at the Chico Municipal Airport.

NOW, THEREFORE, in consideration of the promises hereinbefore set forth, City leases to Lessee and Lessee hires from City all of the real property at the Chico Municipal Airport hereinafter described for the term and subject to the covenants and conditions hereinafter set forth.

1. DESCRIPTION OF LEASED PROPERTY

The property leased by City to Lessee and hired by Lessee from City shall consist of all of the real property within the hangar area at the Chico Municipal Airport delineated on the plat attached hereto marked Exhibit A, entitled “[_____],” and by this reference incorporated herein. Such property contains an area of approximately [_____] square feet, more or less, and is [improved/unimproved].

2. RESERVATION OF EASEMENTS

a. Avigation Easement

City reserves to itself an easement and right of way for the unobstructed passage of aircraft in the airspace above the leased property, said easement to be for the benefit of City and all members of the general public operating aircraft which land at or take off from the Chico Municipal Airport. Concomitant and coextensive with said easement and right of way, City shall have the further right to cause in all airspace above the surface of the leased property such noise, vibrations, fumes, dust, fuel particles, and other effects that may be caused by the

operation of aircraft landing at or taking off from or otherwise operating at the Chico Municipal Airport.

In connection with this easement and right of way, Lessee agrees not to cause or permit any structure, natural growth, or other object on the leased property which extends into the navigable airspace over the leased property, and not to use or permit the use of the leased property in such a manner as to create electrical interference with radio communications between aircraft and the Chico Municipal Airport, to make it difficult for flyers to distinguish between airport lights and other lights, to impair visibility in the vicinity of the Chico Municipal Airport, or to otherwise endanger aircraft landing at or taking off from the Chico Municipal Airport. Lessee further agrees that in the event it causes or permits any structure, natural growth, or other object on the leased property which extends into the navigable airspace over the leased property, or otherwise causes or permits any condition on the leased property which endangers aircraft landing at or taking off from the Chico Municipal Airport, then City shall have the right to enter upon the leased property and to remove such structure, natural growth, object, or condition endangering aircraft landing at or taking off from the Chico Municipal Airport, all at Lessee's sole cost and expense.

b. Existing Easements

Lessee acknowledges that existing utility easements are held by other parties at the Chico Municipal Airport. Such easements include an easement for the placement and maintenance of a water main under property at the Chico Municipal Airport held by California Water Service Company (Cal Water) (near Hangar pad areas A, B, C, D, F, and G), an easement reserved by the City for the placement and maintenance of a storm drain under property (near Hangar pad areas A, B, C, D, F, and G), and easement reserved by the City for the ownership, placement and maintenance of a sewer main owned (located under Hangar pad areas A, B, C, D, F, and G, as depicted in Exhibit A), Such easements are depicted in Exhibit A. Lessee agrees not to construct or place any facility over such easements and improvements within such easements without prior written consent of the City and the party holding such interest in the easement. Lessee agrees to temporarily vacate Lessee's hangar on the leased property upon notification from City that such temporary vacation is necessary in order for City to conduct maintenance or repairs on the stated easements. In the event a temporary vacation of Lessee's hangar is required, City shall prorate Lessee's rent to account for the period during which the temporary vacation is required. Lessee shall be responsible for any notification, relocation, and accommodation of Lessee's tenants, and all costs related to the temporary vacation of Lessee's hangar.

Lessee agrees to hold City harmless from any and all liability for damages caused by any leak or break in the water main, storm drain, or sewer main or due to the temporary removal and relocation of Lessee's hangar.

e. Reservation of Future Utility Easements

In addition to all easements listed above, City hereby reserves the right to construct, install, place and maintain utility lines for all customary utility services under, over, across or through the leased premises at such locations as City shall require.

3. USE OF COMMON AREAS

As part of this lease, Lessee shall be entitled to use the public facilities and improvements at the Chico Municipal Airport including the runways, taxiways, common use portions of the aprons, and navigational aids maintained by City at the Chico Municipal Airport otherwise available to the public for landings and take-offs in the aircraft to be stored on the leased property. Lessee understands, however, that Lessee's use of such facilities shall be subject to City's continuing right to direct and control such use. In addition, City shall have the right but shall not be obligated to make repairs or improvements to such facilities regardless of the hindrance or interference thereby caused to Lessee.

4. LEASE TERM

[a. Term (Non-Permanent Hangars)

The initial term of this lease shall be for a period of five years, commencing on _____, and terminating on _____].

[b. Extended Term (Non-Permanent Hangars)

At the end of the initial term, at the City's sole discretion in compliance with the AP&P addressing property leases at the Chico Municipal Airport, the City may extend the term of this lease with the following end of term options:

- Option 1: Renegotiation
- Option 2: Remove Improvement
- Option 3: Reversion

If Option 1 is chosen:

At the City's sole discretion, this lease shall automatically be extended for successive one-year terms commencing on _____, and ending on _____] of each year thereafter unless either party to this lease gives to the other party hereto written notice of its intention to terminate this lease at least 60 days prior to the expiration of any such extended term. Annual extensions shall not result in a total term that exceeds fifty (50) years.

If Option 2 is chosen:

Lessee will have 60 days to remove any improvements and fixtures of the Lessee from lease premises at Lessee’s sole cost and expense.

If Option 3 is chosen:

Lessee shall peaceably surrender to the City possession of the Leased Premises, together with any Improvements and fixtures of the City thereon in as good a condition as the Leased Premises, and Improvements and fixtures were initially provided to Lessee, with ordinary wear and tear excepted, without any compensation whatsoever, and free and clear of any claims of interest of Lessee or any other third-party.]

[a. Term (Permanent Hangars)

The term of this lease shall commence on [_____] and terminate on [_____].

The maximum lease terms allowable shall be in accordance with the AP&P addressing property leases at the Chico Municipal Airport.

5. RENT

a. Basic Rent

As rent for the leased property, Lessee agrees to pay to City the sum of [\$ _____] per year, payable annually in one payment on or before the first day of each year of this lease, **commencing with the date [construction permits are issued/first day of this lease]**. Rent for any extended terms shall be due and payable on the first day of each annual anniversary of the first day of this lease. Such rent shall be payable to the City’s Finance Office, 411 Main Street, Chico, California 95928 if in person or (P.O. Box 3420, Chico, California 95927-3420) if by mail.

b. Rent Adjustments

On July 1 of every year thereafter, the City shall adjust the basic rent outlined in this agreement as established by the City’s Fee Schedule based upon the Consumer Price Index. The Consumer Price Index published prior to the commencement of such period will be compared to the Consumer Price Index reported prior to the end of the year term in effect. If such amount is greater, then the rent to be paid by Lessee for each year during such extended term shall be increased in the same proportion that the Consumer Price Index last published prior to the commencement of the next year term. If the Consumer Price Index last published prior to the commencement of such year period is less than the Consumer Price Index reported prior to the end of the year term in effect, then no adjustment shall be made in the rent to be paid by Lessee during the next year period.

For purposes of this lease, the term “Consumer Price Index” shall mean the Consumer Price Index – San Francisco Area Consumers (Current Series) last published by the Federal Bureau of Labor Statistics for the San Francisco area consumers - U.S. cities average (all items) or any other measure hereinafter employed by the Federal Bureau of Labor Statistics in lieu of said Consumer Price Index that measures the cost of living in the San Francisco area.

- c. Market Rate Adjustment. On the third anniversary of this lease and each three years after that, the rents shall increase based on a market rent study conducted by the Airport Manager and as approved by the City Manager. The market rent adjustment will be conducted as outlined in the City’s Airport Leasing Policy.

6. LATE PAYMENT OF RENT

In the event any installment of rent accruing under the provisions of this lease is not received by City 14 calendar days after the date such rent becomes due, such rent shall bear interest thereon from the date due until paid at the rate of 10 percent per annum.

Lessee also acknowledges that the late payment of rent will cause City to incur accounting and other processing costs not contemplated by this lease, the exact amount of which is extremely difficult and impracticable to fix. Therefore, if any installment of rent due from Lessee is not received by City on the date such rent becomes due, Lessee shall also pay to City an additional sum of 10 percent of the overdue rent as a late charge. City and Lessee agree that this late charge represents a fair and reasonable estimate of costs that City will incur by reason of the late payment of rent by Lessee. Acceptance of any such late charge shall not constitute a waiver of Lessee’s default with respect to the overdue amount, nor prevent City from exercising any of the other rights and remedies available to it by reason of such default.

7. USE OF LEASED PROPERTY

The leased property shall be used by Lessee for the location of a hangar thereon for the purpose of storing aircraft at the Chico Municipal Airport and for the storage of aviation-related property; provided, however, that Lessee may also use the hangar erected on the leased property for the temporary parking of a vehicle whenever the aircraft normally stored therein is in use. Lessee may also allow aircraft owner-level preventative maintenance services on aircraft stored by tenants as allowed by Federal Aviation Regulations.

In the event Lessee desires to use the leased premises for any use not expressly authorized hereby, Lessee shall submit a written request to City specifically detailing the requested use of the leased premises and requesting City’s consent thereto. Lessee acknowledges and agrees that Lessee shall have no right to any other use of the leased premises and that City may refuse to consent to any change in use of the leased premises or condition its consent to any change in use of the leased premises upon any and all

conditions as City, in the sole discretion of City, may require. Any unauthorized use of the leased premises by Lessee without the prior written consent of City shall constitute a default under the terms of this lease and authorize City to exercise all rights and remedies provided hereunder or otherwise provided by law.

8. QUIET ENJOYMENT

Subject to the rights of City expressly reserved herein, Lessee shall be entitled to the peaceful possession and quiet enjoyment of the leased premises during the term of this lease except during periods when aviation-related special events are being conducted at the airport. Lessee hereby acknowledges that air shows may be held at the airport and that certain inconveniences, such as lack of parking and restricted access, may occur while the air shows or other aviation-related special events are being conducted at the airport. Lessee agrees to relinquish operational use of any common area of the airport during closure of the airport for any such aviation-related special events. Lessee further agrees that Lessee shall not be entitled to any compensation or reduction of rent as a result of Lessee's inability to use or inconvenience associated with the use of the leased premises while the aviation-related special events are being conducted at the airport.

9. RIGHT OF ACCESS TO AIRCRAFT HANGAR AREA

Incidental to the use of the leased property, Lessee shall also have a right of access to the aircraft hangar area through the vehicle gate which separates the hangar area from Fortress Street. To provide Lessee with a means of exercising such right of access, City agrees to furnish Lessee with an airport gate access card concurrently with the execution of this lease. Access to the Air Operations Area may be subject to restrictions imposed by the Federal Aviation Administration. Each card issued must be approved by City prior to issuance to any individual or company. All fees associated with the issuance and use of such cards are subject to periodic adjustments in the City's Master Fee Schedule. However, to avoid compromising security within the aircraft hangar area, Lessee agrees not to lend the card to anyone, except those persons authorized to enter the hangar area. In addition, Lessee agrees to report a lost or stolen card to City immediately, and to return the card to City when access to the Air Operations Area of the Chico Municipal Airport is no longer required by Lessee.

10. IDENTIFICATION OF STORED AIRCRAFT

Incident to the use of the leased property, Lessee shall, at all times, maintain a current list of all aircraft stored on the leased property which sets forth the following information regarding such aircraft:

- a. The name of the aircraft owner;
- b. The address of the aircraft owner;
- c. Mailing address of each of the aircraft owners;
- d. Email address of each of the owners;
- e. Phone number of each of the owners;

- f. The aircraft type (make, model, year, number of engines, and number of seats);
- g. The aircraft registration number (N#).

On an annual basis, by the last day of January each year, Lessee shall provide the City's Airport Manager with a copy of such list and at any other reasonable time that the City's Airport Manager requests same, as well as at any time there is a change in the status of the stored aircraft.

11. CITY'S RIGHT OF ENTRY AND INSPECTION

Lessee shall permit City and any agents and employees of City to enter in and upon, and inspect in, on, or about the leased property and any improvements thereon, at reasonable times for:

- a. Any lawful purpose;
- b. Determining whether or not Lessee is complying with the provisions hereof and fulfilling the obligations hereunder;
- c. Inspecting the leased property, any improvements thereon, and contents therein;
- d. Posting notices of non-responsibility for alterations, additions, or repairs; and
- e. Making any required repairs and performing any required maintenance.

City agrees to provide Lessee with a minimum of 10 days' advance notice before exercising either City's right of entry or City's right of inspection in, on, or about the leased property and any improvements thereon, except in cases of emergency. Lessee agrees to facilitate and provide City and any agents and employees of City access to the leased property and any improvements thereon, including but not limited to, locked hangars and storage facilities.

Lessee shall permit City and any agents and employees of City to enter and inspect the leased property and any improvements thereon, without any rebate of rent and without any liability to Lessee for any loss of occupation of the leased property thereby occasioned.

12. COMPLIANCE WITH LAWS

In its use of the leased property provided for by this lease, Lessee shall comply with all applicable statutes, ordinances, regulations, or grant assurances now or hereafter required or adopted by any federal, state, or county governmental entity, and with all ordinances, regulations, policies, grant assurances and guidelines now or hereafter required or adopted by the City of Chico or any of its boards and commissions, including, but not limited to:

- a. The "Airport Rules and Regulations" adopted by the City Council of City;
- b. The "Standards for Conducting Aeronautical Activities at the Chico Municipal Airport" adopted by City's Airport Commission;
- c. The land use regulations applicable to the Chico Municipal Airport adopted by the City Council of City; and
- d. Any and all Grant Assurances entered into between City and the Federal Government.

13. WASTE, NUISANCE, AND HAZARDOUS MATERIALS

In its use of the leased property and exercise of the landing privileges provided for by this lease, Lessee shall not commit nor allow to be committed any waste on the leased property nor maintain or allow to be maintained any nuisance thereon.

As used in this lease, the term "Hazardous Materials" shall mean any substance or material which has been determined by the state, federal or local governmental agency to be capable of posing risk of injury to health, safety, and property, including petroleum, petroleum products or by-products, and including but not limited to all those materials and substances designated as hazardous or toxic presently or in the future by the U.S. Environmental Protection Agency; the California Water Quality Control Board; the U.S. Department of Labor; the California Department of Industrial Relations; the California Department of Health Services; the California Health and Welfare Agency in connection with the Safe Water and Toxic Enforcement Act of 1986; the U.S. Department of Transportation; the U.S. Department of Agriculture; the U.S. Consumer Product Safety Commission; the U.S. Department of Health, Education and Welfare; the U.S. Food and Drug Administration, or any other governmental agency now or hereafter authorized to regulate materials and substances defined as "Toxic Materials" in section 66680 through 66685 of Title 22 of the California Code of Regulations, Division 4, Chapter 30, as the same shall be amended from time to time.

No goods, merchandise, or material shall be kept, stored, or sold on the leased premises which are in any way explosive or hazardous. No offensive or dangerous trade, business, or occupation shall be carried on therein or thereon, and nothing shall be done on the leased premises other than as is provided for in Paragraph 7 of this lease which will increase the rate of or suspend the insurance upon the structures hereby assigned to Lessee or upon adjacent City buildings or structures, and no machinery or apparatus shall be used or operated on the leased premises which will in any way injure leased premises or adjacent buildings without prior approval of the Airport Manager. The Lessee shall provide the Airport Manager on the first working day in January of each year with a list of all hazardous materials used, contemplated to be used, generated or otherwise produced by Lessee, their employees, agents, contractors, etc. The Airport Manager shall be immediately informed of any changes in hazardous materials used. However, nothing shall preclude Lessee from bringing, keeping, or using machinery necessary or

customary in carrying out the uses mentioned in Paragraph 7. If such uses include the keeping or storage of flammable or explosive substances, such substances shall be stored in closed containers, and shall be stored, used, or dispensed in the manner prescribed by the regulations of the City, the City's Fire Department, and/or other public body having authority in the matter, and in any event, in the safest possible manner. Appropriate Fire Department permits are required for storage of hazardous materials. From time to time, the Airport Manager and/or Fire Department personnel will inspect the premises for material safety.

In conducting its operations on the Chico Municipal Airport, Lessee shall abide and be bound by all of the following requirements:

- a. Lessee shall comply with all federal, state, and local laws, requirements, and policies now or hereinafter in effect relating to Hazardous Materials and environmental conditions on, under or about the Chico Municipal Airport including, but not limited to soil, air, and groundwater conditions, and shall not contaminate the Chico Municipal Airport or the subsurface with any Hazardous Material.
- b. Lessee shall restrict the use of Hazardous Materials on the leased premises to those kinds of materials that would be normally expected in conducting the activities permitted under this lease in a safe and prudent manner. Disposal of any Hazardous Materials on the leased premises is strictly prohibited.
- c. Lessee shall be solely and fully responsible for the reporting of accidental Hazardous Material releases to the appropriate public agencies including the Airport Manager, when such releases are caused by or result from Lessee's activities on the Chico Municipal Airport. Lessee shall immediately notify City of any release of Hazardous Materials, whether or not the release is in quantities that would otherwise be reportable to a public agency, if such release did, or has the potential to contaminate soil or enter the City's sanitary or storm drain sewer system.
- d. Lessee shall be solely and fully responsible and liable in the event Lessee causes or permits Hazardous Materials to be released at the Chico Municipal Airport, or to enter the City's sewerage or storm drainage system, soil, air, groundwater, or any improvements. Lessee shall take all necessary precautions to prevent any Hazardous Materials from entering into the City's sewerage or storm drainage system, soil, air, groundwater or any improvements, or from otherwise being released on the Chico Municipal Airport. If at any time a release of Hazardous Materials is discovered on the leased premises, the Chico Municipal Airport, City's sewerage or storm drainage system, soil, air, groundwater or any improvements, which were caused or permitted in whole or in part by Lessee, Lessee's officers, agents, employees, contractors, permittees or invitees or there is the danger of such release of Hazardous Materials, Lessee, at Lessee's sole cost and expense, shall remove, or be caused to remove, such Hazardous Materials

from the Chico Municipal Airport or the groundwater underlying the Chico Municipal Airport, or the City's soil, air, storm drainage, and sewerage system, in accordance with requirements of all appropriate governmental authorities.

14. COVENANT AGAINST DISCRIMINATION ON THE GROUNDS OF RACE, COLOR, CREED, NATIONAL ORIGIN, AND SEX

a. Covenant Against Discrimination Required Under Part 21, Title 49, of the Code of Federal Regulations

In its use of the leased property and exercise of the landing privileges provided for by this lease, Lessee agrees that it will not discriminate against any person on the grounds of race, color, or national origin in any manner prohibited by Part 21, Title 49, of the Code of Federal Regulations. Upon Lessee's failure to comply with the foregoing covenant against discrimination, Lessee shall be in default of this lease and City shall be entitled to terminate this lease, all of Lessee's rights in and to the leased property, and Lessee's landing privileges, all in the manner hereinafter provided by this lease. Provided that, in the event City determines that Lessee is in default of the foregoing covenant against discrimination and serves Lessee with notice of such default in the manner hereinafter provided by this lease, Lessee shall have the right to appeal such determination within the time and in the manner provided by Part 21, Title 49, of the Code of Federal Regulations and Lessee shall not be deemed in default of this lease until the expiration or exhaustion of such right of appeal, notwithstanding anything in this lease to the contrary. In addition, City, the federal government, or both City and the federal government, shall have the right to judicially enforce the foregoing covenant against discrimination in any court of competent jurisdiction.

Lessee further agrees that the foregoing covenant against discrimination shall be included in and made a condition of any sale, transfer, or assignment of this lease, or any of Lessee's rights in and to the leased property, any sublease of the leased property, or any other agreement granting to any person the right to use any of the services or facilities provided by Lessee on the leased property.

b. Covenant Against Discrimination Required Under Subpart E, Part 152, Title 14, of the Code of Federal Regulations

In its use of the leased property and exercise of the landing privileges provided for by this lease, Lessee agrees that it will not discriminate against any person on the grounds of race, creed, color, national origin, or sex in the manner prohibited by Subpart E, Part 152, Title 14, of the Code of Federal Regulations and, in connection therewith, shall undertake any affirmative action program required by such regulations. Lessee shall also require that its subgrantees or sub aviation-related activities provide assurances to Lessee that they, similarly, will undertake any affirmative action programs required by such regulations and that they, in turn, will require such assurances from their subgrantees and sub aviation-related

activities. Upon Lessee's failure to comply with the foregoing covenant against discrimination, Lessee shall be in default of this lease and City shall be entitled to terminate this lease, Lessee's rights in and to the leased property, and Lessee's landing privileges, all in the manner hereinafter provided by this lease.

15. COVENANT AGAINST ECONOMIC DISCRIMINATION

In its use of the leased property and exercise of the landing privileges provided for by this lease, Lessee agrees to furnish its services and facilities to all users thereof on a fair, equal, and not unjustly discriminatory basis and for fair, reasonable, and not unjustly discriminatory prices; provided that Lessee may make reasonable nondiscriminatory discounts, rebates, or other similar price reductions to all volume users of such services or facilities. Upon Lessee's failure to comply with the foregoing covenant against discrimination, Lessee shall be in default of this lease and City shall be entitled to terminate this lease, all of Lessee's rights in and to the leased property, and Lessee's landing privileges, all in the manner hereinafter provided by this lease. In addition, City, the federal government, or both City and the federal government, shall have the right to judicially enforce the foregoing covenant against discrimination in any court of competent jurisdiction.

Lessee also agrees that the foregoing covenant against discrimination shall be included in and made a condition of any sale, transfer, or assignment of this lease or any of Lessee's rights in and to the leased property, any sublease of the leased property, or any other agreement granting to any person the right to use any of the services or facilities provided by Lessee on the leased property.

16. RIGHTS OF FEDERAL GOVERNMENT

This lease, all of Lessee's rights in and to the leased property, and all of the landing privileges provided for by this lease shall be subject to the following rights of the federal government:

- a. Any rights of the federal government under an existing or any future agreement between City and the federal government relating to the development, operation, or maintenance of the Chico Municipal Airport, copies of which shall be maintained on file in the office of City's Airport Manager;
- b. Any right which the federal government now has or in the future may have or acquire affecting the control, operation, and taking over of the Chico Municipal Airport; and
- c. Any right which the federal government now has or in the future may have or acquire to the exclusive or nonexclusive use of the Chico Municipal Airport during a time of war or national emergency.

17. ACCEPTANCE OF LEASED PROPERTY

Lessee understands that the leased property was formerly leased by City to the federal government for use as an Army air base, that other surrounding lands which were also part of such Army air base have, in the past, been found to contain underground tanks and other underground facilities apparently abandoned by the federal government at the time the air base was released to City, and that by reason thereof the leased property, itself, might contain such underground tanks and other underground facilities. Moreover, Lessee understands that portions of the groundwater underlying the leased property may contain concentrations of volatile organic chemicals, including perchloroethylene (PCE) and trichloroethylene (TCE), which exceed water quality standards prescribed by the environmental agencies of the state and federal governments. Lessee acknowledges that City has granted to Lessee the right to review all maps of the old Army air base presently on file in the offices of City's Fire Department as well as the right to inspect the leased property and perform any tests of the soils thereon and/or the groundwaters thereunder, all in order to afford Lessee a full and complete opportunity to investigate such soils and groundwaters and/or determine whether the leased property can be developed and used for the purposes for which it is being leased.

Lessee agrees that no representation, statement, or warranty, express or implied, has been made by or on behalf of City as to the condition of the leased property or as to the suitability of the property for its intended use, save and except for the representation and warranty that no City officer, employee, or agent has caused any condition of pollution or contamination on the leased property. Such representation and warranty, however, shall not extend to any condition of pollution or contamination caused by the federal government or any other former lessee of City.

By reason of the foregoing, Lessee agrees to accept the leased property in its present condition and "as is" with respect to all conditions which now exist on or under the leased property save and except for any condition of pollution or contamination caused by an officer, employee, or agent of City. Moreover, Lessee agrees to waive any claim or right of action against City which Lessee now has or hereafter may acquire arising out of the condition of the leased property, its soils, and/or the groundwaters underlying the leased property, including, but not limited to, any claim of indemnity which Lessee may have by reason of costs incurred by Lessee arising out of the removal of underground tanks and other underground facilities hereafter detected on the leased property, and/or the abatement or cleanup of any other condition of pollution or contamination now or hereafter discovered on the leased property and required under applicable state, federal, or City laws or regulations, save and except for a claim or right of action arising out of a condition of pollution or contamination caused by an officer, employee, or agent of City. In connection with this release, Lessee waives the provisions of Section 1542 of the California Civil Code which provide:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

18. IMPROVEMENTS

[During the term of this lease, Lessee shall be entitled to [erect ____ hangar facilities on the leased property after City's Airport Manager has reviewed and approved the plans and specifications for such hangars and has determined that the external appearance of such hangars is compatible with other buildings and structures at the Chico Municipal Airport including, but not limited to, other hangars within the aircraft hangar area of the Chico Municipal Airport]. In connection with the erection of such hangars, Lessee shall be required to construct and install an acceptable foundation for the hangars and to pave all portions of the leased property between the hangar foundations and any adjoining aircraft taxiways, also in accordance with plans and specifications approved by City's Airport Manager. City agrees, however, that City Airport Manager's approval of the plans and specifications for such hangars, hangar foundations and pavement, as well as the City Airport Manager's determination that the external appearance of such hangars is compatible with other buildings and structures at the Chico Municipal Airport shall not be arbitrarily or unnecessarily withheld. Lessee further understands and agrees, however, that approval by City's Airport Manager of the plans and specifications for such hangars, hangar foundations, and/or pavement in the manner provided for herein shall not relieve Lessee from the duty and responsibility to obtain and pay the costs of any building permit required under the provisions of the Chico Municipal Code prior to the construction and installation of such improvements.]

[During the term of this lease, Lessee shall be entitled to utilize the facilities identified in Ex. ____]

19. UTILITIES

During the initial or extended term of this lease, Lessee shall have the right to connect, with City's written consent, the leased property and all improvements thereon and facilities appurtenant thereto to the sewer system owned, operated, and maintained by City at the Chico Municipal Airport at Lessee's cost. All other utilities shall be provided to the leased property by Lessee at its sole cost and expense and City shall have no responsibility of any kind for any thereof.

20. MAINTENANCE AND REPAIR

During the initial or extended term of this lease, Lessee shall, at its sole cost and expense, keep and maintain the leased property and any aircraft hangars or other improvements located thereon, save and except for those improvements which City is required to maintain, in good, sanitary, and neat order, condition, and repair, and shall restore and rehabilitate any such improvement that may be destroyed or damaged by fire, casualty, or any other cause whatsoever. City's obligation to maintain improvements on the leased property shall be limited to the repair, restoration, and rehabilitation of the paved surfaces installed by Lessee between a hangar foundation or pad and any adjoining aircraft taxiways.

21. DESTRUCTION OF HANGAR OR OTHER CASUALTY

If, during the initial or extended term of this lease, a hangar on the leased property is destroyed by fire or other casualty or damaged to the extent that it is no longer reasonable to cause its repair, then Lessee shall either promptly replace the hangar or remove any remaining parts thereof from the leased property. Lessee may repair or erect a hangar on the leased property only after City's Airport Manager has reviewed and approved the plans and specifications for such hangar and has also determined that the external appearance of such hangar is compatible with the appearance of other buildings and structures at the Chico Municipal Airport, including but not limited to other hangars within the aircraft hangar area of the Chico Municipal Airport. City Airport Manager's approval of the plans and specifications for a hangar erected on the leased property, as well as City Airport Manager's determination that the external appearance of such hangar is compatible with other buildings and structures at the Chico Municipal Airport, shall not be arbitrarily or unreasonably withheld. Where Lessee seeks to erect a hangar on the leased property which, prior to the date of this lease, was placed on other property located at the Chico Municipal Airport, then Lessee shall be entitled to erect such hangar on the leased property upon review and approval by City's Airport Manager of the plans and specifications for such hangar which relate only to the foundations, wiring, or plumbing to be installed incident to the erection of such hangar. The approval by City's Airport Manager of the plans and specifications for a hangar to be erected on the leased property shall not, however, relieve Lessee from the duty and responsibility to obtain and pay the costs of any building permit required under the provisions of the Chico Municipal Code prior to the erection of such hangar.

If Lessee elects not to replace the damaged or destroyed hangar, Lessee shall also have the unilateral right to terminate this lease and all of Lessee's duties and obligations hereunder by giving City notice of such termination within 30 days after such damage or destruction has occurred. In the event Lessee elects to terminate this lease following destruction of a hangar, City shall refund to Lessee that part of the rent paid by Lessee for the annual term of this lease in which such destruction occurred which is proportional to the number of days remaining in such annual term following such termination.

22. CITY'S RIGHT TO RELOCATE LESSEE FOR AIRPORT DEVELOPMENT AND LESSEE'S RIGHT TO TERMINATE LEASE

If, during the term of this Lease, City requires the leased premises for Airport improvement, expansion or development, as determined within the sole discretion of City, City shall give Lessee 90 days' written notice to relocate to another site at the Airport selected by City, in accordance with the then approved Airport master plan. If Lessee is required to relocate to a new site selected by City, City shall reimburse Lessee for all actual expenses reasonably incurred by Lessee in the relocation, upon submission of invoices to the City, provided that Airport Improvement Program (AIP) funds, Redevelopment Agency (RDA) funds, or other funds are available to City to reimburse Lessee's expenses. Should Lessee relocate in accordance with this paragraph, all terms and conditions of this Agreement shall remain in full force and effect for the remainder of

the term, except that the parties shall enter into an amendment describing the new location of the leased premises. If Lessee elects to terminate this Lease, then, except for obligations which survive the expiration or sooner termination of this Agreement as expressly provided for herein, Lessee shall be relieved of all further obligations under this Agreement, and Lessee shall remove Lessee's aircraft hangar and other personal property from the leased premises prior to the termination date. Lessee shall be responsible for all costs of removal and for any restoration of the leased premises that may be required as a result of the removal.

23. INDEMNIFICATION

To the fullest extent permitted by law, Lessee shall defend (with counsel of City's choosing), indemnify and hold City, its officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any alleged acts, errors or omissions, or willful misconduct of Lessee, its officials, officers, employees, subcontractors, consultants or agents in connection with Lessee's activities under this Lease, including without limitation the payment of all consequential damages, expert witness fees and attorneys' fees and other related costs and expenses. Lessee shall reimburse City and its officials, officers, employees, agents, and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided.

Lessee's responsibility for such defense and indemnity obligations shall survive the termination or completion of this Lease for the full period of time allowed by law.

The defense and indemnification obligations of this Lease are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained in this Lease. Lessee's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by City, its directors, officials, officers, employees, agents, or volunteers.

24. AIRCRAFT AND AUTOMOBILE LIABILITY INSURANCE

Lessee shall obtain aircraft liability insurance from one or more U.S. domiciled insurance companies licensed to do business in the State of California with an A.M. Best Company rating of "B" or better or, in the alternative, an unlicensed U.S. domiciled company or companies with an "A" rating, which provides coverage for bodily injury, personal injury, and property damage liability in the amount of at least \$1,000,000 combined single limit for each occurrence. Evidence of such coverage shall be maintained by Lessee and provided to City upon request.

Lessee shall also obtain automobile insurance for all automobiles operated at the Chico Municipal Airport as required by law. Lessee shall only operate automobiles at the Chico Municipal Airport that are lawfully registered and licensed with the State of California.

25. PROPERTY INSURANCE

a. Type and Amount of Insurance

Course of Construction Insurance

During the period of construction of any improvements on the leased property, Lessee shall, at its sole cost and expense, maintain in full force and effect course of construction insurance obtained from one or more insurance companies licensed to do business in the State of California and having a financial rating in Best's Insurance Guide of at least "B," or, in the alternative, one or more unlicensed U.S. domiciled insurance companies having a rating of at least "A," insuring all of the improvements constructed and installed on the leased property and any facilities appurtenant thereto against fire, extended coverage hazards, vandalism, and malicious mischief. All such insurance shall be in the form or forms approved by the Risk Manager, shall insure all improvements located on the leased property and facilities appurtenant thereto in an amount equal to one hundred percent (100%) of the full replacement value thereof, and shall provide that the insurer shall give City at least 30 days' prior notice of cancellation or material change in coverage.

Property Insurance

During the initial or any extended term of this lease, Lessee shall, at its sole cost and expense, maintain in full force and effect property insurance obtained from one or more insurance companies licensed to do business in the State of California and having a financial rating in Best's Insurance Guide of at least "B" or, in the alternative, one or more unlicensed U.S. domiciled insurance companies having a rating of at least "A"; insuring all of the improvements located on the leased property and any facilities appurtenant thereto against fire, extended coverage hazards, vandalism, and malicious mischief in an amount equal to one hundred percent (100%) of the full replacement value thereof.

Upon execution of this lease, a copy of the insurance policy or policies required herein or, in lieu thereof, the face page of such policy or policies and any endorsements which limit or otherwise affect the coverage provided shall be delivered by Lessee to the Risk Manager for approval as to form and sufficiency. When such insurance policy or policies has been so approved, Lessee may substitute for same a certificate of insurance issued by the respective insurance company or companies certifying that such insurance policy or policies is in full force and effect and all improvements located on the leased property and facilities appurtenant thereto are insured in the amount required herein.

In the event any dispute over whether the amount of such insurance complies with the requirements of this section cannot be resolved by agreement, Risk Manager

may request the carrier of the insurance then in force to determine the full replacement value of the buildings, improvements, and facilities located on the leased property and the resulting determination shall be conclusive between the parties for purposes of this section.

b. Disposition of Insurance Proceeds

In the event the improvements now or hereafter constructed and installed on the leased property or any facilities appurtenant thereto are damaged or destroyed from a risk covered by the insurance policy required by this section, all of the proceeds of such insurance shall be paid to Mid Valley Title Company, as trustee, or to such other responsible corporate trustee as may be designated by the Risk Manager, to be held in trust for the purpose of repairing or restoring such damaged or destroyed improvements or facilities. If, following such damage or destruction, Lessee promptly commences such repair or restoration work and thereafter prosecutes the same with reasonable dispatch, the insurance proceeds deposited with the trustee shall be paid, in installments, to the contractor retained by Lessee to perform the repair or restoration work as such work progresses, such payments to be made upon presentation of a certificate or voucher from any responsible architect or engineer having supervision of the repair or restoration work showing the amount due. Upon adoption of a plan of repair or restoration that will require expenditures of an amount in excess of the insurance proceeds held by the trustee, the trustee may withhold such payments until such time as it is made to appear to the trustee's satisfaction that the amount necessary to provide for such repair or restoration, according to the plan adopted, in excess of the insurance proceeds held by the trustee, has been provided for and its application under such purposes assured. Any portion of the insurance proceeds remaining in the hands of the trustee after completion of such repair or restoration work shall be paid to Lessee.

If, following such damage or destruction, Lessee does not commence such repair or restoration work within a period of three months after such damage or destruction occurs and/or does not prosecute the repair or restoration work with such dispatch as would be necessary to complete the same within a period of six months thereafter, then the insurance proceeds held by the trustee or any balance remaining in its hands shall be retained as security for performance of the covenants hereof. Thereafter, no part of such insurance proceeds shall be paid for such repair or restoration work except with the consent of the Risk Manager, it being the option of City, in the meantime, to terminate this lease on account of any such default and have transferred to it by the trustee such insurance proceeds as damages resulting to the City from the failure of Lessee to promptly commence and within reasonable time complete such repair or restoration work.

In the event Lessee shall at any time by mortgage, deed of trust, or other security instrument, encumber its leasehold estate or interests in and to the leased property as hereinafter provided for, and authorize the mortgagee or trustee named therein

to enter upon the leased property on Lessee's behalf and undertake or prosecute the work of repairing or restoring any improvement on the leased property or any facilities appurtenant thereto damaged or destroyed by fire or other cause, and to have and receive for its use for such purposes such insurance proceeds, such insurance proceeds shall be fully available to such mortgagee or trustee as to Lessee as above provided and it shall in like manner and to like extent be applied by such mortgagee or trustee to such repair or restoration work.

26. LIENS

During the initial or extended term of this lease, Lessee shall keep the leased property and every part thereof free and clear of all mechanics' liens, materialmen's liens, and other liens for any work or labor done, services performed, or materials and appliances used or furnished for or in connection with any operation of Lessee, any repair, alteration, or addition which Lessee may make or permit or cause to be made, or any work or construction by, for, or permitted by Lessee on or about the leased property. Lessee shall at all times promptly and fully pay and discharge any and all claims on which any such liens may or could be based, and shall indemnify City against all such liens, claims of liens, and suits or other procedures pertaining thereto. Lessee agrees to serve City with a notice of any repair, alteration, or addition to the leased property, including any of the improvements now or hereafter located on the leased property, estimated to cost in excess of \$5,000, at least five days in advance of the commencement of work upon such repair, alteration, or addition in order that City may post appropriate notices of non-responsibility.

27. TAXES AND ASSESSMENTS

During the initial or extended term of this lease, Lessee shall pay all taxes and assessments levied on the leased property, it being understood by Lessee that although the leased property is held in public ownership, Lessee's interest therein will be taxable as a possessory interest.

28. SALES, ASSIGNMENTS, TRANSFERS, SUBLEASES AND ENCUMBRANCES

Lessee shall not sell, assign, transfer, or encumber this lease or any interest of Lessee in and to the leased property, nor sublease the leased property, in whole or in part, without the prior consent of the City's Airport Manager, which consent shall not be arbitrarily or unreasonably withheld. Neither shall this lease, nor any interest of Lessee in and to the leased property, be subject to an involuntary sale, assignment, transfer, or sale, assignment, or transfer by operation of law in any manner whatsoever. Any unauthorized sale, assignment, transfer, encumbrance, or sublease, whether voluntary or involuntary, shall be void and of no effect and shall be a default which entitles City to terminate this lease and all of Lessee's rights in and to the leased property in the manner hereinafter provided by this lease.

29. ENCUMBRANCE OF THE LEASEHOLD INTEREST TO CONSTRUCT IMPROVEMENTS ON THE LEASED PROPERTY

Lessee may encumber, by mortgage, deed of trust, or other security instrument, its leasehold estate and interest in and to the leased property together with all improvements thereon as security for a loan, the proceeds of which are to be used to construct the improvements on the leased property required by this lease without City's consent. The execution of such mortgage, deed of trust, or other security instrument, or any transfer, sale, or assignment thereunder, either by judicial proceedings or by virtue of a power reserved in such mortgage, deed of trust, or other security instrument, or the transfer, sale, or assignment by Lessee of its leasehold estate and interest in and to the leased property to the holder of such indebtedness as well as any subsequent sale, transfer, or assignment by the holder of such indebtedness of Lessee's right to the leasehold estate and interest in and to the leased property shall not be a violation of the covenants and conditions of this lease notwithstanding anything in this lease to the contrary; provided that any purchaser, transferee, or assignee of Lessee's right to the leasehold estate and interest in and to the leased property shall be liable to perform the obligations of Lessee under this lease so long as such purchaser, transferee, or assignee holds title to the leasehold estate and Lessee's interest in and to the leased property.

If Lessee does encumber its leasehold estate and interest in and to the leased property, Lessee shall, at Lessee's expense and immediately after recording such mortgage, deed of trust, or other security interest, cause to be recorded in the Office of the Recorder, County of Butte, State of California, a written request, executed and acknowledged by City's Airport Manager, for a copy of any notice of default or any notice of sale of the mortgage, deed of trust, or other security instrument as provided for by the statutes of the State of California.

If Lessee does encumber its leasehold estate and interest in and to the leased property, and if Lessee or the holder of the indebtedness secured by such encumbrance should give notice to City of the existence thereof and the address thereof, then City will deliver to such holder, at such address, a duplicate copy of all notices of default or other notices in writing which City may, from time to time, give or serve on Lessee under and pursuant to the provisions of this lease. Copies of such notices shall be mailed and delivered to such holder at, or as near as possible to, the same time such notices are given to or served on Lessee. Such holder may, at its option and at any time before the rights of Lessee under this lease shall be terminated as hereinafter provided for, pay any of the rents due hereunder or do any other act or thing that may be necessary and proper to be done in observance of the terms and conditions of this lease or to prevent the termination hereof. All payments so made, and all things so done and performed by such holder shall be as effective to prevent a termination of the rights of Lessee under this lease as if the same would have been done and performed by Lessee.

30. CANCELLATION OF AGREEMENT BY CITY FOR OTHER CAUSES

City may cancel this Agreement upon 30 days' written notice to Lessee upon the occurrence of any of the following events:

- a. The lawful assumption by the United States Government, or any authorized agency thereof, of the operation, control or use of the Airport, or any substantial portion thereof, that in City's sole judgment substantially restricts Lessee's authorized use of the leased premises for a period of at least 90 days;
- b. The issuance by a court of competent jurisdiction of a permanent injunction which prevents or restrains the use of the Airport, or any part thereof, for Airport purposes where the prevention or restrained of such use, in the sole judgment of City, substantially restricts City's use of the Airport for Airport purposes or substantially restricts Lessee's authorized use of the leased premises; or
- c. The existence or operation of any rule, regulation, sponsor assurance or order of the Federal Aviation Administration, directly or indirectly, requiring the discontinuance or, in City's sole judgment, substantial reduction of the use of the Airport for Lessee's authorized use of the leased premises.

31. BANKRUPTCY AND INSOLVENCY

Lessee agrees that in the event any proceedings under the Bankruptcy Act or any amendment thereto are commenced by or against Lessee and, if against Lessee, such proceedings are not dismissed either before an adjudication in bankruptcy or the confirmation of a composition, arrangement, or plan of reorganization, or in the event Lessee is adjudged insolvent or makes an assignment for the benefit of creditors, or in the event a receiver is appointed in any proceeding or action which Lessee is a party with authority to take possession or control of the leased property or the business conducted thereon by Lessee, then Lessee shall be in default of this lease and City shall, to the extent permitted by law, be entitled to terminate this lease, Lessee's rights in and to the leased property, and Lessee's landing privileges, all in the manner hereinafter provided by this lease.

32. DEFAULT

Lessee shall be deemed in default under this lease as follows:

- a. Upon breach of any of the covenants and conditions of this lease, which breach cannot be cured, immediately upon being given notice thereof by City.
- b. Upon failure to pay any rent or any other charge required under this lease to be paid by Lessee to City when due.
- c. Upon the abandonment or surrender of the leased premises for a period of 15 consecutive days and Lessee's failure to use and occupy the leased premises

within five days of Lessee's receipt of City's written notice of such breach.

- d. Upon the breach of any of Lessee's other duties and obligations under this lease, which breach can be cured, if such breach is not cured within 30 days after being given notice thereof by City.

33. REMEDIES ON DEFAULT

a. City's Right to Terminate Lease

Upon Lessee's default of this lease, City shall have the right, without further notice, to terminate this lease as well as Lessee's rights in and to the leased property and the landing privileges provided for herein, to enter upon and retake possession of the leased property, including all improvements thereon and facilities appurtenant thereto, by legal proceedings or otherwise, and to recover from Lessee, at the time of such termination, the excess, if any, of the amount of rent to be paid by Lessee under this lease for the balance of the lease term over the then reasonable rental value of the leased property for the same period. For the purposes of this section, City and Lessee agree that the "reasonable rental value" shall be the amount of rent which City can obtain as rent for the balance of the lease term.

b. City's Right to Repossess, Operate, or Relet the Leased Property for Lessee's Account

Upon Lessee's default under this lease, City shall also have the right, without further notice and without terminating this lease, to enter upon and retake possession of the leased property, including all improvements thereon and fixtures appurtenant thereto, by legal proceedings or otherwise, and to take, operate, or relet the same in whole or in part for the account of Lessee at such rental, on such conditions, and to such tenant or tenants as City, in good faith, may deem proper, for a term not exceeding the unexpired period of the full term of this lease. City shall receive all proceeds from rent accruing from such operating or reletting of the leased property and shall apply the same first to the payment of all costs and expenses incurred by City in the operation or reletting of the leased property and any alterations or repairs reasonably necessary to enable City to operate or relet the leased property, and then to the payment of all such amounts as may be due or become due under the provisions of this lease, and the balance remaining, if any, at the expiration of the full term of this lease or on the sooner termination thereof, by written notice of termination given by City to Lessee, shall be paid over to Lessee. In the event proceeds from rentals received by City under the provisions of this section are insufficient to pay all costs and expenses and all amounts due and becoming due hereunder, Lessee shall pay to City, on demand by City, such deficiency as may from time to time occur or exist. Notwithstanding any such operation or reletting without terminating this lease, City may, at any time thereafter, elect to terminate this lease in the event that Lessee remains in default

hereunder at such time.

c. City's Right to Perform

Notwithstanding any provisions as to notice of default in this lease to the contrary, if, in City's judgment, a continuance of any default by Lessee for the full period of the notice otherwise provided for will jeopardize the leased property, including any improvements thereon or facilities appurtenant thereto, or the rights of City, City may, without notice, elect to perform those acts in respect of which Lessee is in default, at Lessee's expense, and Lessee shall thereupon reimburse City, with interest at the rate of 10 percent per annum, upon 30 days' notice by City to Lessee.

d. Other Remedies

All rights, options, and remedies of City contained in this lease shall be construed and held to be cumulative and not one of them shall be exclusive of the other, and City shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided for by law, whether or not stated in this lease.

34. WAIVER OF DEFAULT

Any waiver by City of a default of this lease arising out of the breach of any of the covenants, conditions, or restrictions of this lease shall not be construed or held to be a waiver of any succeeding or preceding default arising out of a breach of the same or any other covenant, condition, or restriction of this lease.

35. EFFECT OF HOLDING OVER

Any holding over after the expiration of the term of this lease, with the consent of City, shall be construed to be a tenancy from month-to-month at 110 percent of the previous month's rent to be paid by Lessee to City pursuant to the terms of this lease and shall otherwise be subject to the covenants and conditions herein provided by this lease, insofar as applicable.

36. NOTICES

All notices or demands to be given, made, or sent, or which may be given, made, or sent by one party to the other pursuant to this lease shall be deemed to have been given, made, or sent when made in writing, and deposited in the U.S. mail, certified and postage prepaid, addressed as follows:

a. To City: City of Chico
Attention: Airport Manager
150 Airpark Blvd. Suite 110
Chico, CA 95926

b. To Lessee: _____

The address to which any notice, demand, or other writing may be given, made, or sent by any party as above provided may be changed by written notice given by such party as above provided.

37. AMENDMENTS

This lease may be modified or amended only by a writing duly authorized and executed by both City and Lessee. It may not be amended or modified by oral agreement or understanding between the parties unless the same shall be reduced to a writing duly approved and executed by both parties.

38. PARTIES BOUND

The covenants and conditions herein contained shall apply to and bind the legal representatives, successors, and assigns of all of the parties hereto, and all of the parties hereto shall be jointly and severally liable hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this lease in the City of Chico, County of Butte, State of California, on the date first set forth above.

CITY OF CHICO

LESSEE

Mark Orme, City Manager*

By: _____

*Authorized pursuant to the provisions of
City Council Minute Order _____
approved on _____.

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

Vincent C. Ewing, City Attorney*

Sherry Miller, Airport Manager

*Pursuant to The Charter of the
City of Chico, Section 906(D)

APPROVED AS TO CONTENT:

Scott Dowell, Administrative Services Director*

*Reviewed by Finance and Information Systems

DRAFT

CITY OF CHICO
Administrative Procedure and Policy Manual

Subject: DEVELOPMENT AND APPROVAL OF PROPERTY LEASES AT THE CHICO MUNICIPAL AIRPORT		Number: 90-16
Department(s) Affected: Public Works – Operations and Maintenance		Effective:
AP&P Assigned to: Airport Manager		Supersedes: 90-16 dated 4/10/2008
Authority: Charter Section 1007.1; Airport Commission Motion dated 01/11/08		File Reference:
		Approved:

1.0 BACKGROUND

The City of Chico (City), as the owner and operator (Sponsor) of the Chico Municipal Airport (Airport) recognizes the importance of the Airport to the City, the community, the California Department of Transportation - Division of Aeronautics, the US Department of Transportation - Federal Aviation Administration (FAA), and the national aerospace system.

The Federal Aviation Administration, by way of its Airport Sponsor Assurances, requires any airport developed with Federal grant assistance to operate for the use and benefit of the public and for the airport to be made available to all types, kinds, and classes of aeronautical activity on fair and reasonable terms and without unjust discrimination. In addition, these Airport Sponsor Assurances require an airport sponsor to maintain a fee and rental structure for the facilities and services at the airport which will make the airport self-sustaining.

The City has an obligation to operate the Airport for the use and benefit of the public. Associated with this obligation is the requirement to make available suitable areas or space on reasonable terms to those who are willing and otherwise qualified to offer aeronautical services to the public or to support services to aircraft operators. Therefore, the City will:

- a. Operate the Airport for the use and benefit of the public, and to make it available for all types, kinds, and classes of aeronautical activity.
- b. Make available the opportunity to lease land (if needed) to engage in commercial aeronautical activities.
- c. Limit or prohibit any given type, kind, or class of aeronautical use of the Airport if such limitation or prohibition is necessary for the safe operation of the Airport or necessary to serve the civil aviation needs of the public.
- d. On a fair and reasonable basis, and without discrimination, impose terms and conditions on persons offering services and commodities to the public which are related to aeronautical activities.
- e. Make airport facilities available to the public on fair and reasonable terms without discrimination.
- f. Endeavor at all times to make the Airport financially self-sustaining and ensure that revenue derived from leases will be at not less than fair market value.

- g. Operate the Airport and all facilities which are necessary to serve the aeronautical users of the Airport at all times in a safe and serviceable condition and in accordance with the minimum standards as may be required by applicable local, state and federal agencies for maintenance and operation, and not permit any activity or action which would interfere with the operation of the Airport for aviation purposes.

2.0 PURPOSE

To establish a procedure and policy for leases that contributes to the long-term financial security of the Airport Enterprise. The City of Chico encourages the use of private funds for the development of vacant airport land designated for aircraft hangars or other aeronautical use. The intended purpose of this strategy is to further promote aviation and related activities as an economic stimulus for the City of Chico and surrounding areas.

The policy of the City Council is for the Chico Municipal Airport (CMA) to operate as a self-sustaining enterprise fund whereby the costs of the operation and maintenance are fully supported by the revenues generated by the users of the facility. Therefore, the Airport shall charge fees to users of the Airport that ensure long-term fiscal sustainability of the Enterprise. Should the Airport Enterprise Fund receive revenues in excess of the operating and maintenance costs, those excess funds shall be deposited in the Airport Fund 856 to be used for future maintenance and capital improvements at the facility, as determined by the City Council.

3.0 GENERAL PROVISIONS

Section 1007.1 of the City Charter vests in the Airport Commission the power to enter into leases of City-owned property at the Airport with a lease term of 15 years or less. Leases with a term of 15 years or more, or which encumber City funds, require the approval of the City Council.

It is the policy of the City to enter into written lease agreements for any City-owned Airport land and/or facilities with clear requirements that:

- a. Protect City interests in its property in line with the public purpose thereof;
- b. Ensure that the Airport is developed in an orderly manner and for the highest and best use;
- c. Provide sound, consistent and fair guidelines through which the Airport can respond to the interests of financially stable and responsible Lessees;
- d. Administer Airport leaseholds in accordance with its grant assurances;
- e. Foster the growth of aviation and non-aviation development on Airport land;
- f. Ensure the Airport's ability to meet its obligation to provide a stable revenue source for the Airport; and
- g. Provide guidelines for Airport-related business decisions.

4.0 SCOPE OF POLICY

This Policy applies to all City-owned Airport property and defines the requirements for any Airport lease agreement made after the effective date.

5.0 POLICY

- a. Existing Tenants Permanent Hangars (e.g. Permanent T-Hangars. Executive Hangars) with current leases commencing prior to July 2019:

The City may continue with existing leases that have the following end of term options:

- a. Renegotiation
- b. Remove Improvement
- c. Reversion

Renegotiation will include shorter terms to give the City an opportunity to charge market rates in lieu of improvement reversion. If an owner sells their interest in a hangar and the current lease authorizes such interest transfer, the City shall honor lease terms and the new owner will assume the existing lease agreement. Once the original lease term expires, a new lease will be negotiated on the new lease format.

- b. Existing Tenants Non-Permanent Hangars (e.g. Portable T-Hangars. Port-A-Port Hangars. temp. structures) with current leases commencing prior to July 2019:

The City may continue with existing leases that have the following end of term options:

- a. Renegotiation
- b. Remove Improvement
- c. Reversion at the City's sole discretion

Renegotiation of lease and lease terms may continue with annual renewals.

- c. New Construction Permanent Hangars (e.g. Permanent T-Hangars. Executive Hangars), New construction and new to the Airport tenants as of July 2019 will be on the new standard Airport lease agreement (Lease Standard July 1, 2019) including reversion at the end of lease term (improvements revert to the City). Term of lease shall be negotiated; however, the following guideline may be used to determine the expected term.

<u>Improvement Investment</u>	<u>Max Lease Term Allowable</u>
\$100,000- \$250,000	20 years
\$250,001- \$500,000	30 years
\$500,001 - \$1,000,000	40 years
\$1,000,001 or greater	50 years

- d. New Construction Non-Permanent Hangars (e.g. Portable T-Hangars. Port-A-Port Hangars temporary structures) installed as of July 2019:

New leases will have 5-year terms with annual extensions after the initial term. Lease will include existing reversion options for the City to renegotiate, remove improvements, or revert to the City at the City's sole discretion upon termination of agreement. Annual extensions will not result in a total term that exceeds 50 years.

- e. Ground rent, rent and lease rates for City owned facilities shall be based on current market conditions as determined by the Airport Manager and approved by the City Manager. The City shall conduct a market rent study regularly, not to exceed three-years, to set rental rates for different types of facilities.

- f. Month-to-month leases in an approved form of lease, or that conform to currently adopted standards, may be approved by the Airport Manager without prior Airport Commission Review. Provided, however, that any such lease approved by the Airport Manager shall be reported to the Commission at its next regular meeting.
- g. Leases having a term of 1 year or less, and which contain a 30-day cancellation provision that conform with an Airport Commission-approved form of lease, and the "Standards for Conducting Aeronautical Activities at Chico Municipal Airport" (Standards), if applicable, and consistent with the schedule of Airport Fees, may be negotiated and approved by the Airport Manager without prior Airport Commission review. Provided, however, that any such lease approved by the Airport Manager shall be reported to the Commission at its next regular meeting.
- h. The assignment of any lease greater than 1 year in term shall be reviewed and approved by the Commission prior to execution by the Airport Manager.
- i. All leases with a lease term of 15 years or less shall be reviewed and approved by the Airport Commission prior to being executed by the Airport Manager and City Manager.
- j. The assignment of any lease greater than 15 years in term shall be reviewed by the Commission and forwarded to the City Council for consideration and approval.
- k. An aircraft Owner or the aircraft Owner's Employees may perform self-services (fueling, maintenance, or repair) on the aircraft Owner's aircraft using the aircraft Owner's vehicles, equipment, and resources (Self-Service). An aircraft Owner or the aircraft Owner's Employees are permitted to perform such self-services on the aircraft Owner's aircraft provided there is no attempt to perform such services for others for compensation and further provided that such right is conditioned upon compliance with City Administrative Procedure and Policy (AP&Ps) and all applicable Legal Requirements. If the right to Self-Service is not exercised, an aircraft Owner is only permitted to have the aircraft Owner's aircraft fueled, maintained, repaired, or otherwise serviced at the Airport by those Operators authorized to engage in such Commercial Activities at the Airport.
- l. All entities leasing, occupying, and/or developing Airport land and/or improvements and/or engaging in an Aeronautical Activity at the Airport shall comply, at the entity's sole cost and expense, with all applicable Legal Requirements and City Procedure and Policy as may be amended.
- m. The City reserves the right for the use of the Airport by others pursuant to applicable Legal Requirements pertaining to the Airport and such use.
- n. The City reserves the right to designate specific Airport areas for activities in accordance with the currently approved Airport Layout Plan (ALP). Such designation shall give consideration to the nature and extent of current and/or future activities and the land and/or improvements that may be available and/or used for specific activities and shall be consistent with the safe, secure, orderly, and efficient use of the Airport.
- o. It is the policy of the City that any occupancy, use, and/or development (construction or modification) of land and/or improvements that is inconsistent with the ALP is undesirable.

Any development that is substantially different than that depicted on the ALP could adversely affect the safe, secure, orderly, or efficient use of the Airport.

- p. The City reserves the right to develop and make any improvements and/or repairs at the Airport that it deems necessary. The City shall not be obligated to reimburse or compensate any Operator, Lessee, Sublessee, or other entity for any cost and/or expense incurred, loss of revenue, or inconvenience that may result from such development, improvement, and/or repair.
- q. The City (and its representatives, officers, officials, employees, agents, and volunteers) shall not be responsible for loss, injury, or damage to persons or property at the Airport related in any way to any natural disaster or illegal activity. During time of war or national emergency, the City shall have the right to enter into an agreement with the United States Government for military use of part or all of the landing area, the publicly owned air navigation facilities, and/or other land and improvements of the Airport. If any such agreement is executed, any agreement, insofar as it is inconsistent with the agreement between the City and the United States Government, shall be suspended, without any liability on the part of the City.
- r. The City will not relinquish the right to take any action the City considers necessary to protect the aerial approaches of the Airport against obstruction or to prevent a person from erecting or permitting to be erected any facility or other structure which might limit the usefulness of the Airport or constitute a hazard to aircraft.
- s. The City will not waive any sovereign, governmental, or other immunity to which the City may be entitled, nor shall any provision of any Agreement be so construed.
- t. The City is under no obligation to provide financing and/or make any improvements to Airport land and/or improvements to facilitate any development or consummate any Agreement proposed by a current or prospective Operator, Lessee, or Sublessee. In addition, the City is under no obligation to: (a) pursue federal, state, or other available funds to contribute to such development or (b) provide matching funds to secure such funding.
- u. The City reserves the right to take such actions as it may deem necessary, appropriate, and/or in the best interest of the City including preserving the assets of the City and the Airport, protecting the safety and security of the people who work at and/or use the Airport, and maintaining the integrity of the City's mission, vision, values, goals and objectives for the City and the Airport.

6.0 ELEMENTS OF THE LEASE

The Airport Lease will contain or address, but not limited to, the following:

1. Description of leased property
2. Reservation of easements
3. Use of common areas
4. Lease term / Extensions
5. Rent / Deposits
6. Escalation
7. Late payment of rent
8. Use of leased property
9. Quiet enjoyment

10. Right of access and use
11. Identification of stored aircraft
12. City's right of entry and inspection
13. Compliance with laws
14. Waste, nuisance, and hazardous materials
15. Covenant against discrimination on the grounds of race, color, creed, national origin, and sex
16. Covenant against economic discrimination
17. Subordination/Rights of Federal Government
18. Acceptance of leased property
19. Improvements
20. Utilities
21. Maintenance and repair
22. Destruction of hangar or other casualty
23. City's right to relocate lessee and lessee's right to terminate lease
24. Indemnification
25. Aircraft and automobile liability insurance
26. Property insurance
27. Liens
28. Taxes and assessments
29. Sales, assignments, transfers, subleases and encumbrances
30. Cancellation of agreement by City for other causes
31. Bankruptcy and insolvency
32. Sublease of hangars on the leased property
33. Encumbrance of leasehold interest to construct improvements on leased property
34. Default
35. Remedies on default
36. Waiver of default
37. Effect of holding over
38. Notices
39. Amendments
40. Parties bound

The City may require other clauses as necessary to protect the interests of the City of Chico and the Airport.

7.0 DEFINITIONS

Airport Layout Plan: An FAA approved set of drawings showing airport boundaries, physical features and proposed additions to all areas owned or controlled by the sponsor for airport purposes, the location and nature of existing and proposed airport facilities and structures, and the location on the airport of the existing and proposed non-aviation areas and improvements thereon.

Aeronautical Activity – Any activity or service that involves, makes possible, facilitates, is related to, assists in, or is required for the operation of aircraft. Any activity which has a direct relationship to the operation of aircraft or the operation of the Airport.

Airport Master Plan: A twenty (20) year planning document that provides the concept of the long-term development of the Airport.

Based Aircraft: The total number of aircraft home based at the Airport. Owner and other information are required to be reported to the FAA and County.

Business or Commercial Operator: A person who provides goods or services for compensation to the public on or from the Airport, such as car rental agency, restaurant, and other aviation or nonaviation activities.

FAR Part 77: Defines obstructions to air navigation and requires notice to FAA of certain types of construction on and near airports.

Fair Market Value. Fair market rents or fees for use of the Airport are required for non-aeronautical use of the airport and are optional for non-airfield aeronautical use. Fair market pricing of airport facilities can be determined by reference to negotiated fees charged for similar uses of other airports or by appraisal of comparable properties.

General Aviation – All aviation with exception of Air Carriers and the military.

Improvements – All buildings, structures, additions, appurtenances and facilities including pavement, fencing, and landscaping constructed, installed, or placed on, under, or above any land on the Airport.

Legal Requirements – All applicable federal, state, county, and local laws, codes, ordinances, policies, and regulations.

Market Rent Study – A study showing the rent that land or improvements would command in the open market as indicated by rents asked and paid for at comparable land or improvements as of the date of determination.

Non-Commercial – Not for the purpose of securing earnings, income, compensation (including exchange or barter of goods and services), and/or profit.

Specialized Aviation Service Operator (SASO) – A Commercial Operator that provides any one or a combination of the following activities: Aircraft maintenance, avionics or instrument maintenance, aircraft rental or flight training, aircraft charter or aircraft management, aircraft sales, and other commercial aeronautical activities.

8.0 **PROCESS FOR SUBMITTING PROPOSAL TO LEASE A CITY-OWNED PROPERTY**

To ensure consistency in evaluation, any request for leasing of City property will require a written request from the potential lessee or third-party facilitating a lease on behalf of another entity to be submitted to the Airport Manager.

The written request must include the following information regarding the leasing entity:

Leasing Entity

- Legal name of entity leasing the property;
- Other names used by the leasing entity and commonly recognized name;
- Legal status of the entity (501c3, LLC, corporation, etc.);
- Contact information for each current location of entity;
- Contact information for each principal of the entity.

City Property Information

- Identification of the specific Airport property requested;
- Term of use;
- Date when occupancy is requested to begin;
- Summary information of any capital changes that will be requested which alter or improve the property.

Intended Use

- Detailed information regarding the intended use of the property;
- Public purpose or benefits provided by the intended use of the property;
- Aeronautical or Non-Aeronautical.

Compensation

- Proposed investment amount;
- Proposed rate.

The City can request the following information, but not be limited to:

- Proof of Legal Status - The organization will submit proof verifying the legal status of the entity (501c3, LLC, corporation, etc.);
- Other Leases Listing - a list of all the property the organization leases, the use of those properties, and the lease or rent paid for those leased properties;
- Projected Staff- the number of projected full-time equivalent staff the organization will use for operations;
- Financial Capabilities-Three years of documentation showing the organizations financial condition and capabilities (i.e. review of financial statements or income tax returns, etc.);
- Board of Directors - a non-profit must have a board of directors. The names, addresses and contact information for the board of directors will be provided to the City;
- Organizational Chart - an organizational chart of the organization will be provided to the City;
- Performance Measures- operational and performance measures for the organization will be provided to the City;
- Additional Information- the City may request any additional information the City feels is necessary to determining whether to lease City property to an organization; and
- Failure to provide any of the requested information may lead to a no recourse rejection.

9.0 EXCEPTIONS

This Policy cannot address every nuance within a lease agreement or property negotiation, nor does the policy language necessarily apply in certain circumstances. Thus, it is the Airport Manager's responsibility to ensure when engaging in negotiations or applying this policy to make decisions in the best interest of the City as provided under Section 3.0.

The City Manager is hereby authorized to negotiate and recommend to the City Council an agreement for a new lease that varies from the rent and lease requirements of this policy

when, in the opinion of the City Manager, the new user will generate significant financial benefits toward the Council's goal of Airport self-sufficiency.

The City may charge reduced rental rates to aviation museums and aeronautical secondary and post-secondary education programs conducted by accredited education institutions to the extent that civil aviation receives reasonable tangible or intangible benefits from such use. The City may also charge reduced rental rates to Civil Air Patrol units operating aircraft at the Airport.

In granting a below market rate lease, the City will document the estimated value of the benefit provided to the entity as an in-kind contribution and will require City Council approval.

DRAFT

AD HOC COMMITTEE REPORT TO THE CHICO AIRPORT COMMISSION

Subject: Rebranding the Airport

By way of introduction, at its April meeting the Commission agreed to Commissioner Antolock's request for the July Commission meeting to agendaize a discussion about rebranding the Chico Municipal Airport in the event commercial air service is returned to Chico and surrounding communities. The Commission approved the request and in fact the topic was agendaized and discussed at the July Commission meeting and from that discussion it was agreed that an ad hoc committee be established to research the idea and return to the Commission in October with a report of the Committee's findings.

Members of the ad hoc committee were identified as Commissioner Antolock and Commissioner Chapman.

Other than Commissioner Chapman's brief conversation with the Commission Chair regarding a procedural matter, there has been no other communication by the Committee with other Commissioners concerning any part of the committee's work. Commissioner Antolock and Chapman had conversations with a Professor of Marketing at the University. Commissioners Chapman and Antolock had a conversation with the Airport Manager after our first meeting in order to validate they were properly approaching their assignment. Another conversation was had with Eric Gustafson about the project.

The ad hoc committee met a total of twelve times to explore ways to brand our airport in a way to promote and foster air service, general aviation and the industrial/commercial portion of the airport in the event airline service returns to Chico.

At the same time the airport rebranding was being investigated, the committee also briefly discussed and arrived at a way forward to name the airport terminal. It was a given that the airport trade mark the Soaring Star, and logo would remain unchanged for now and any airport renaming, or terminal naming could occur in conjunction with the return of air service to Chico.

The ad hoc committee began its work by first researching what it meant to do a rebranding and what its intended message to the public should be. Discoveries here included the basic steps to rebrand:

- Determine the need for the effort – in Chico's case the need is to more clearly identify the regionality of our airport. Change the positioning of our airport brand and create a new identity associated with re-establishing air service.
- Devise the rebrand plan – this is the focus of our report.
- Bring stakeholders onboard – City Council, County Supervisors, surrounding community, City administration, and the community at large.
- Promote the vision – marketing plan
- Implement the brand change – officially change the name of the Chico airport

Rebranding is a marketing strategy in which a new name, term, symbol, design concept or combination of these is created for an established brand with the intention of developing a new differentiated identity in the minds of consumers, investors, competitors, other stakeholders, and the air service catchment area in general. A new name for the Chico Municipal Airport could also be helpful in attracting an additional air carrier and draw in more passengers from our catchment area and beyond.

Rebranding could occur to identify international growth, new business, outdated image, etc. The expected benefits of such an initiative in Chico follow generally accepted benefits of rebranding:

- Connect with a new audience – reach new potential customers

- Set Chico apart from our competition
- Stay current
- Reflect new goals, product offerings or values
- Boost the bottom line

Renaming the Airport using a geographically anchored name is considered important to recognizing the airport as a hub for the airport's regional catchment area and beyond.

Names for the airport that the ad hoc committee discussed that seem to the committee to be in line with the earlier identified rebranding criteria, etc. are:

- Upstate California Airport – Chico
- Chico Regional Airport
- Golden State Regional Airport – Chico
- Northern California Regional Airport – Chico
- Other geographically oriented names
- The name of a significant pillar of the community and or local air travel pioneer.
State Senator Ray Johnson Regional Airport (also co-founder of Christian and Johnson Florist. Suggested by Mr. Randy Parks)

The committee is fully open to fellow Commissioners and public input with additional suggestions and comments this evening or via e-mail to chicoairport1@gmail.com.

Further, a question on the Airport Manager's Survey to go out soon is designed to receive public input on several issues including airport naming. The ad hoc committee looks forward to seeing the results from the completed survey.

For the direction forward renaming the airport, the ad hoc committee suggests that at the end of November all responses to date for renaming the airport will be evaluated by the ad hoc committee using the naming criteria presented earlier in this report. The committee will then either select three or if there is a reasonably managed number, take all submissions and vet them with the City's marketing consultant and, the university marketing department based on their agreement to volunteer to help on this aspect of the project through a marketing class project.

Commissioners may have other thoughts on this direction forward. It is interesting to note here that City/University corroboration on a project has long been a goal. In any case, the ad hoc committee expects to have a report on the results of the University project and other vetting along with next steps for renaming the airport no later than June 2020. If reports are available after the April 2020 Commission meeting, a special meeting may be called to review the results. At that point it is expected the Commission would either ask for additional study or pass a motion to forward one name to staff and the City Council for final approval or further direction from them back to the Commission and ultimately the ad hoc committee.

Upon final approval of a name change by the Administration and Council the ad hoc committee expects there will be a discussion at those levels on identifying elements impacted by the change along with funding options to make the changes. For example, the name at the airport entrance off Cohasset Road. After final approval of an airport name change the information would be communicated to the general public, to Butte and surrounding counties and the FAA would be informed. No changes are expected in the FAA airport code – CIC.

The second element of the ad hoc committee's work was to investigate naming the airport terminal. The ad hoc committee has not considered any specific names and expects that 100% of the suggestions to the

committee will come from Commission members and members of the general public. Naming rights to the terminal could be a significant revenue generator for the City.

Generally, in considering generic naming of any public building, a suggestion is that the name would be based on the relationship of the building to: neighborhoods, geographic or common usage identification, the building's purpose, a natural or geographic features or a historical figure or place, an individual who has made a significant land, building or monetary contribution to the City for the building being named or an individual who has contributed outstanding civic service to the City and if deceased has been so for at least 1 year.

As it relates to naming the Airport Terminal, naming rights are typically a financial transaction and a form of advertising whereby a corporation or other entity purchases the right to name a facility, etc., typically for a defined period of time; anywhere from 3 to 30 years.

Sponsored names can take three approaches.

1. Title sponsor: the original name of a property is replaced with a corporate-sponsored name with no reference to the previous name
2. Name for a cultural or historical figure (typically, no financial payment for naming rights is considered).
3. Presenting sponsor: attach their name to a generic, traditional name, i.e. Mall of America Field at H.H. Humphrey Metrodome.

Going forward, selecting one of these approaches is a topic for further discussion in the future by the Commission.

Also going forward the ad hoc committee seeks Commission direction and approval to address the 3 additional prongs of Commissioner Antolock's airport rebranding initiative by looking at general aviation, the commercial/industrial complex and expanding public use opportunities such as Air Shows and bicycle races, food services and even a hotel. This is conditioned by insuring these elements fall within the ad hoc committee's original scope of work.

This concludes the ad hoc committee's report.

The three-part action plan for which we seek approval this evening is:

1. Receive feedback and suggestions from Commissioners, airport management staff and the public on naming the airport.
2. Receive feedback and suggestions from Commissioners, airport management staff and the public on proceeding to accept names and develop the way forward to name the airport terminal.
3. Receive Commission approval to address the 3 additional prongs of Commissioner Antolock's airport rebranding initiative by looking at general aviation, the commercial/industrial complex and expanding public use opportunities such as Air shows and bicycle races, food services and even a hotel. This is conditioned by insuring these elements fall within the ad hoc committee's scope of work.

092219adhoccommitteereport to airportcommission

Fund Income Statement

Data Through 9/30/2019

Budget Version 10: Working

Fund: 856 - AIRPORT

Budget Year: 2020	Prior Year's Actuals To 6/30/2019	Year To Date Actuals	Encumbrances	Budget	Balance	Percent Used Budg / Time
Revenues						
42250 Fuel Flowage Fees	38,808.86	7,196.63	0.00	35,000.00	27,803.37	21
42251 Landing Fees	33,782.89	1,239.38	0.00	35,000.00	33,760.62	4
Total - Charges for Services	72,591.75	8,436.01	0.00	70,000.00	61,563.99	12 / 25
44101 Interest on Investments	5,880.88	0.00	0.00	0.00	0.00	0
44130 Rental & Lease Income	753,894.75	253,394.09	0.00	350,000.00	96,605.91	72
44132 T-Hanger Rental & Lease Income	81,359.51	43,099.69	0.00	80,000.00	36,900.31	54
44140 Concession Income	48,664.45	18,254.42	0.00	60,000.00	41,745.58	30
Total - Use of Money & Property	889,799.59	314,748.20	0.00	490,000.00	175,251.80	64 / 25
44519 Reimbursement-Other	6,596.50	4,310.50	0.00	5,000.00	689.50	86
Total - Other Revenues	6,596.50	4,310.50	0.00	5,000.00	689.50	86 / 25
Total Revenues	968,987.84	327,494.71	0.00	565,000.00	237,505.29	58 / 25
Expenditures						
4000 Salaries - Permanent	195,216.33	49,233.38	0.00	208,978.00	159,744.62	24
4020 Salaries - Hourly Pay	1,671.43	3,488.57	0.00	15,590.00	12,101.43	22
4025 Salaries - Separation Payouts	524.27	0.00	0.00	0.00	0.00	0
4050 Salaries - Overtime	1,768.30	1,005.61	0.00	4,800.00	3,794.39	21
4053 OT - Special Event/Emergency	207.96	0.00	0.00	0.00	0.00	0
4690 Employee Benefits Other	111,057.15	30,019.45	0.00	119,607.00	89,587.55	25
4790 GASB 68 - 75 Expense	673,371.00	0.00	0.00	0.00	0.00	0
Total - Salaries & Employee Benefits	983,816.44	83,747.01	0.00	348,975.00	265,227.99	24 / 25
5000 Office Expense	758.10	237.24	0.00	1,690.00	1,452.76	14
5005 Postage & Mailing	199.55	62.76	0.00	380.00	317.24	17
5010 Outside Printing Expense	0.00	0.00	0.00	500.00	500.00	0
5050 Books/Periodicals/Software	281.08	0.00	0.00	0.00	0.00	0
5100 Materials and Supplies	4,639.05	2,493.58	4,102.03	17,050.00	10,454.39	39
5105 Small Tools and Equipment	306.88	0.00	0.00	500.00	500.00	0
5110 Safety Equipment	424.61	0.00	0.00	400.00	400.00	0
5515 Building Maintenance/Repair	369.77	0.00	0.00	4,000.00	4,000.00	0
7320 Custodial Supplies	1,696.15	203.02	0.00	1,600.00	1,396.98	13
7371 Landscape Maintenance Supplies	328.00	0.00	0.00	0.00	0.00	0
Total - Materials & Supplies	9,003.19	2,996.60	4,102.03	26,120.00	19,021.37	27 / 25
5330 Contractual	105.00	0.00	2,705.00	12,705.00	10,000.00	21
5400 Professional Services	31,521.85	2,829.00	35,336.15	168,864.00	130,698.85	23
5401 Audit Services	4,397.66	839.50	0.00	2,690.00	1,850.50	31
5415 Landscape Maintenance	2,435.60	0.00	0.00	15,000.00	15,000.00	0
5420 Laundry Services	186.15	270.00	0.00	606.00	336.00	45
5440 Janitorial Services	12,266.05	2,334.19	0.00	11,108.00	8,773.81	21
5555 Maint Agreements Other	4,720.00	1,030.00	0.00	6,500.00	5,470.00	16
7347 Weed Control	8,569.01	0.00	0.00	8,000.00	8,000.00	0
7380 Pest Control	767.00	59.00	0.00	350.00	291.00	17
7383 Air Conditioning Maintenance	33.34	0.00	0.00	0.00	0.00	0
7394 Hazardous Materials Disposal	0.00	0.00	0.00	475.00	475.00	0
7413 Outside Repairs/Services Other	3,980.22	746.81	0.00	8,180.00	7,433.19	9
Total - Purchased Services	68,981.88	8,108.50	38,041.15	234,478.00	188,328.35	20 / 25
7992 Capital Projects OH Allocation	61.35	0.00	0.00	0.00	0.00	0
8800 Major Cap Projects-Capitalize	0.00	0.00	(0.00)	112,893.00	112,893.00	0
8801 Major Cap Proj-Non Capitalize	2,044.96	0.00	0.00	0.00	0.00	0
Total - Capital Projects	2,106.31	0.00	(0.00)	112,893.00	112,893.00	0 / 25
5140 Advertising/Marketing	0.00	150.15	0.00	2,000.00	1,849.85	8
5160 Licenses/Permits/Fees	2,151.95	327.00	0.00	3,500.00	3,173.00	9
5370 Memberships/Dues	1,025.00	0.00	0.00	945.00	945.00	0
5385 Business Expenses	13.60	162.40	0.00	500.00	337.60	32
5386 Conference Expenses	2,726.53	158.52	0.00	8,000.00	7,841.48	2
5390 Training	2,210.00	1,710.00	0.00	4,000.00	2,290.00	43
5465 Solid Waste Disposal	0.00	0.00	0.00	950.00	950.00	0
5480 Communications	9,264.25	1,828.15	0.00	8,000.00	6,171.85	23
Total - Other Expenses	17,391.33	4,336.22	0.00	27,895.00	23,558.78	16 / 25

City of Chico
Fund Income Statement

Data Through 9/30/2019

Budget Version 10: Working

Fund: 856 - AIRPORT

Budget Year: 2020	Prior Year's	Year To Date	Encum-	Budget	Balance	Percent
	Actuals					
	To 6/30/2019					Budg / Time
8900 Depreciation	1,224,145.90	0.00	0.00	0.00	0.00	0
Total - Depreciation	1,224,145.90	0.00	0.00	0.00	0.00	0 / 25
5030 Insurance	9,583.00	1,412.00	0.00	11,524.00	10,112.00	12
5260 Fuel	3,083.10	855.87	0.00	7,021.00	6,165.13	12
5455 Electric	46,855.09	10,397.27	0.00	76,756.00	66,358.73	14
5456 Natural Gas	6,812.48	131.58	0.00	6,143.00	6,011.42	2
5460 Water	21,798.99	6,515.55	0.00	32,597.00	26,081.45	20
5510 Vehicle Maintenance/Repair	31,308.81	0.00	0.00	31,382.00	31,382.00	0
7993 Indirect Cost Allocation	152,724.98	26,021.16	0.00	156,127.00	130,105.84	17
7994 Building Main Allocation	10,780.00	386.00	0.00	12,720.00	12,334.00	3
7996 Info Systems Allocation	4,890.00	727.00	0.00	5,204.00	4,477.00	14
Total - Allocations	287,836.45	46,446.43	0.00	339,474.00	293,027.57	14 / 25
Total Expenditures	2,593,281.50	145,634.76	42,143.18	1,089,835.00	902,057.06	17 / 25
Excess Deficiency Before						
Financing Sources / (Uses)	(1,624,293.66)	181,859.95	(42,143.18)	(524,835.00)	(664,551.77)	-27 / 25
Other Sources / Uses						
Operating Transfers IN						
3001 General	392,700.00	0.00	0.00	85,333.00	85,333.00	0
Total Transfers IN	392,700.00	0.00	0.00	85,333.00	85,333.00	0 / 25
Operating Transfers OUT						
9857 Airport Improvement Grants	(662,249.25)	0.00	0.00	0.00	0.00	0
9932 Fleet Replacement	(77,713.00)	0.00	0.00	(74,861.00)	74,861.00	0
Total Transfers OUT	(739,962.25)	0.00	0.00	(74,861.00)	-74,861.00	0 / 25
Total Other Financing Sources	(347,262.25)	0.00	0.00	10,472.00	10,472.00	0 / 25
Excess Deficiency After						
Financing Sources / (Uses)	(1,971,555.91)	181,859.95	(42,143.18)	(514,363.00)	(654,079.77)	
Beginning Fund Balance	15,826,212.59	13,854,656.68	0.00	13,854,656.68		
Ending Fund Balance	13,854,656.68	14,036,516.63	(42,143.18)	13,340,293.68		
Ending Cash Balance	381,465.48	230,549.91				